



Daily Report

East Asia

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Japan

MITI Rejects Talks With U.S. on Film

OW3108021295 Tokyo SANKEI SHIMBUN
in Japanese 29 Aug 95 Morning Edition p 11

[FBIS Translated Text] The U.S. Trade Representative's [USTR] office has launched an investigation into the closed nature of the Japanese film market under Section 301 (retaliatory measures against unfair trading practices) of the Trade Act. In this connection, a U.S. Government source disclosed on 28 August that a schedule for Japan and the United States to hold informal talks in late September is being coordinated between the USTR and the Ministry of International Trade and Industry (MITI). The USTR investigation into the Japanese film market's closed nature has been triggered by friction between Eastman Kodak Company in the United States and Fuji Photo Film Company in Japan. It will be the first time for both Japan and the United States to hold informal intergovernmental talks to discuss the friction.

The talks will be held by division-chief-level officials from the two countries. The same U.S. Government source said: "The officials will exchange views on competitive policies of both countries and hold a broad-ranging discussion of what their governments can do in the future. A schedule for holding the informal intergovernmental talks is being coordinated between the USTR and the Japanese Embassy in Washington."

At the informal talks, the officials are expected to discuss specific ways to stringently apply the Anti-monopoly Law, strengthen the Fair Trading Commission in charge of enforcing the law, and the past surveys on trading practices in Japan.

In May, Eastman Kodak submitted a report to the USTR claiming that "Fuji Film's rebate system and the trading practice, under which four film wholesalers trade only Fuji Film products, are exclusive." In response, the USTR launched the investigation in July.

However, Fuji Film has been reacting harshly to the investigation, contending: "Kodak's claims are utterly groundless" (according to President Minoru Onisi). Fuji Film has presented the USTR with a report refuting Kodak's claims after compiling it in late July.

The USTR asked MITI to hold talks when it launched the investigation. However, MITI rejected the offer, saying: "We will not hold any talks under Section 301."

For that reason, MITI is taking a stance against holding the informal intergovernmental talks, saying: "We have no intention of holding any talks with the United States under Section 301. Holding the informal intergov-

ernmental talks is just a one-sided wish of the United States."

Tokyo, Washington Agree on Use of 'ISO 9000'

OW3108005095 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 1

[FBIS Translated Text] The Japan-U.S. dispute over use of the international quality control standard "ISO 9000" to develop software was settled on 29 August with the Japanese point of view being steamrolled by that of the United States. Officials of the Japan Accreditation Board (JAB; chairman Yotaro Iida) — the organization which coordinates the use of international standards in Japan — met American National Standards Institute (ANSI) officials in Tokyo, and basically agreed Japan would abandon its own interpretation of the standard "ISO 9000" series.

The JAB's original position was one meant to shore up quality control in the software industry, but the JAB had to back down from it in face of pressure from the U.S. computer industry. Japan lags behind the United States in software development.

In October, the JAB will begin the work of giving registration accreditation based on an unadulterated ISO standard which is free of its own interpretation. The two Japanese and U.S. organizations agreed: 1) only the ISO 9000 should be used as the standard; 2) the JAB-prepared guideline, which refers to use of the ISO 9000 to develop software for industrial products, should be abandoned; and 3) the JAB proposal to set basic qualifications for accreditation officials — requiring them to have a minimum of four years of experience in software development, for instance — should be withdrawn as well.

This means that all the points proposed by the JAB have, in effect, been dropped.

What the U.S. organization most strongly wanted taken out of the JBS proposal was the part on qualifications for accreditation officials. In a guideline initially drawn up by the JAB, on-the-job experience was listed as a basic requirement for accreditation officials. But Motorola and other U.S. computer companies opposed this, insisting there is the possibility of information on software development being compromised in the process of screening experienced personnel for appointment as reviewing officials.

In April this year, the JAB explained to IBM and Apple of the United States about the benefit of using the ISO 9000 in software development. From the beginning the U.S. industry objected to it, saying "Japan's own independent standard could turn into a trade barrier."

The industry's business associations collected signatures from companies opposed to it and sent them to the U.S. Trade Representative's Office. Faced by this, the JAB tried to find some common points by choosing the ANSI as its counterpart to discuss and exchange views on the question of standards.

Kuriyama Optimistic About Ties With U.S.

OW3108090295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 30 Aug 95 Evening Edition p 2

[By Satoru Tsugawa]

[FBIS Translated Text] Washington, 29 Aug — Takakazu Kuriyama, Japanese ambassador to the United States, held a news conference on 29 August. On Japan-U.S. trade relations, he commented: "With the conclusion of the auto talks, no issues are likely to have a serious influence on Japan-U.S. ties for the time being." In this way, he indicated his view that the situation has been "settled." He also pointed out: "As a result of changes in the Japanese economic structure, imports are now on the increase, and the massive trade surplus has decreased drastically." He added that favorable bilateral trade ties "will be of benefit to smooth promotion of bilateral relations," indicating his optimism about the future overall bilateral ties.

Noting that U.S. President Bill Clinton's visit to Japan in November is a major event in the future diplomatic schedule, he said: "I will make every effort to make his visit a meaningful event of the year commemorating the 50th anniversary of the end of World War II."

Moreover, he said: "The Japan-U.S. security arrangement has not become any less important in principle. During President Clinton's visit to Japan, the continuous maintenance of this system will be reviewed. Japan-U.S. ministerial consultations will be held in September to check the progress of the working-level coordination conducted to prepare for this review."

In this way, he indicated that bilateral security will be an important task for the two nations in the future.

Former Envoy Discusses Alliance With U.S.

OW3108044595 Tokyo YOMIURI SHIMBUN in Japanese 28 Aug 95 Morning Edition pp 1-2

[Article by Hisahiko Okazaki, former Japanese ambassador to Thailand: "Firm Japan-U.S. Alliance"; from "Reading Earth" column]

[FBIS Translated Text] **Dialogue? Containment?**

Recently, a lively debate on a long-term strategy toward China has been held in the United States. Looking at testimonies made at the U.S. Congress, the policy debate

in the United States has focused on choosing between engagement (contacts and the promotion of dialogue) and containment.

These two options do not necessarily take the character of choosing between the two. During the long period of the Cold War, the United States many times opted for both engagement and containment. The U.S. administration's present position is that the United States will be engaged for the time being while preparing to opt for containment if necessary. The U.S. administration's position is reasonable. Although it is said that China could pose a threat to the United States, the threats are not imminent, but long-term threats. It is improper for the United States to speak of containing China at this peaceful time.

Engagement is a means not an end, however. The criteria for measuring whether engagement is outwardly successful or not is the level and frequency of exchanges and the number of people participating in the exchanges. If the United States confuses the means with the end, then China would obtain room to engage in diplomatic maneuvers by arbitrarily increasing or decreasing the scope and frequency of the exchanges.

Real success in U.S. engagement depends on whether the U.S. policy goals, which are aimed at curbing China's military buildup, banning China from transferring nuclear missile technology, urging China to respect human rights, and linking all of them to democratization in China in the long term, is fruitful or not. No one is confident of this probability.

In Japan's case, in particular, it has been involved in maximum engagement with China by promoting the highest level of exchanges with that country and providing large-scale aid to that country. However, China takes the attitude of viewing the exchanges with Japan and the aid from Japan as part of the settlement of the past war and (some people in Japan support China's attitude). China does not seem to feel the need to curb its nuclear tests and potential benefits given in return for curbing its nuclear tests.

What is more, this is a structure that is deeply rooted in a nation called China. Traditionally, China is the world's largest empire. China itself is a microcosmos (a small space). Strategically speaking, no aggressor can conquer China if that country counters the aggressor with guerrilla warfare. China holds a dominant defensive edge.

It is very difficult to have an impact on China's policies, which it has decided on by itself, with contacts, exchanges, persuasion, or even military pressure.

The Biggest Independent Variable

In Japan, the argument has been frequently heard that Japan should cooperate economically with China to "keep China from becoming aggressive" and "prevent China from sending out refugees to Japan following its split." When China grows powerful, the influence of Japan's economic aid to China would become minuscule to the point that it is unworkable.

China will become the biggest independent variable in the future international situation and Japan must be aware of the fact that it would be very difficult for the outside world to change China.

I do not mean that China cannot be influenced by the outside world. What the people of China respond to the most sensitively as a people with the genius of strategy is changes taking place in the outside strategic circumstances. To cite a simple example, Chinese leaders gave secondary importance to the Taiwan issue when they met with former Secretary of State Kissinger at the peak of Soviet threats and later, they suggested to Japan that China would spend only 3 percent of the gross national product (GNP) on its military buildup.

In the future, China will have the greatest interest in the strategic circumstances, especially future moves of the Japan-U.S. alliance.

If the Japan-U.S. alliance become unstable, this would give a large number of options for China to chart its own strategy. China could approach Japan and try to put restraints on the activities of U.S. Forces in Japan after causing a split between Japan and the United States. China also could put Japan under its thumb after approaching the United States. If the Japan-U.S. alliance remains firm and unshakable, China would find its strategic options extremely restricted.

In that sense, China will become an independent variable as well as a determinant in the Japan-U.S. alliance.

This point is not confined to China. In which direction will a unified Korea move? Will a unified Korea follow historically and emotionally a pro-China and anti-Japan line? These questions are being raised. Given the fact that the largest upper hand that South Korea holds over North Korea, Russia, and China is democracy and the high living standard, it can be said that the room for China's options is very small as long as the Japan-U.S. alliance remains firm. The same questions will be raised about ASEAN including Russia's Far East and Vietnam, which will rebuild themselves in the future.

One Scenario

As far as the economy is concerned, in particular, if Japan and the United States maintain good policy cooperation and take a posture of cooperation with each other, then the Japan-U.S. alliance would be the monopolistic supply source of almost all capital and technology for the Asian-Pacific region. The two countries will become crucial markets for regional products. It can be said from this point of view that the stability of the Japan-U.S. alliance means the stability of the Asian-Pacific region.

Let us think of a simple scenario. As a fictional issue, if Taiwan expresses its intention to become independent, if China decides to intervene militarily in Taiwan in response, and if the U.S. Congress and the President make clear that the United States will counter China's threats with force, what would happen?

In that case, Japan will: 1) say yes to a request from the United States to hold prior consultations about projecting its troops from Okinawa and Yokosuka, 2) provide full logistic support for activities of U.S. Forces in Japan, and 3) take part in U.S. actions to show that it is allied with the United States depending on the degree of pressure from the U.S. Congress and American public. Japan would have to take these options.

I believe that any Japanese Government will probably agree with #1 and #2. It is crystal clear that if the Japanese Government refuses to go along with the United States on those two points, the Japan-U.S. Security Treaty would not be preserved. Although the Murayama government has said that it would uphold the Japan-U.S. Security Treaty, it would probably drag its feet for various reasons. However, its conclusion will be yes. As for #3, if Japan's refusal to take part in the actions taken by the United States is expected to cause abrogation of the Japan-U.S. Security Treaty, then the Japanese would think, after looking at moves of the U.S. Congress and American public opinion, that Japan has no choice but to cooperate with the U.S. actions.

In that case, the question is raised about whether to recognize Japan's exercise of the right to collective self-defense. Originally, the people were not interested in the discussion of legal details of whether or not the right to collective self-defense is included in Japan's inherent right to self-defense. The Murayama cabinet, which originally viewed the Self-Defense Forces (SDF) unconstitutional, swiftly changed its view, calling the SDF constitutional. The Murayama cabinet can easily and swiftly change its view on the right to collective self-defense as it did in the SDF case.

If Japan moves to this point, this would extremely restrict China's options. There is a possibility that if Japan, though it appears possible, urges Taiwan to stop

declaring its independence and the United States to restrain the use of force against China, China would have the illusion that it now has more options than ever. If Japan cooperates with the United States without moving against that country's intentions, this would deceive China and induce it into war with the United States.

Only the peaceful method is the best method to defend peace. If there is any alternative to the peaceful method, it is an adventurous action that puts millions of lives at risk and makes it difficult to distinguish between a victor and a loser. International circumstances must be created under which people around the world are aware of that fact. These international circumstances are not intended to contain China, or set an encircling net on that country. A power relationship should be created under which only the peaceful solution exists. This will build peaceful and friendly relations among nations and be a basic condition for the engagement.

Sunzi's book, "The Art of War," says: "The superior militarist foils enemies' plots; the next best is to ruin their alliance; the next after that is to attack their armed forces; the worst is to besiege their cities." China is a nation that knows of this "Art of War." China is not a nation that besieges cities after learning that the international circumstances work against it. In short, it is good if China is not given an opportunity to foil our plots and ruin our alliance in the course of reaching a stage where it besieges our cities. This is the cardinal point of Japan's diplomacy to defend peace.

What should Japan and the United States do to uphold their alliance? Looking squarely at the two countries, Japan should do more than the United States in the future.

Japan Should Hold a Debate on the Right to Collective Self-Defense

What the United States wants to do is uphold its alliance with a stable, free, and democratic nation like Japan (as a report compiled recently by Joseph Nye, U.S. assistant undersecretary of defense, points out). The report notes that the U.S. administration must fully explain to the American people that upholding the alliance with Japan is indispensable for the U.S. strategy toward the Asia-Pacific region and the entire world, and both Japan and the United States should reaffirm their resolve to keep their economic frictions from undermining their alliance.

As for the economy, the economic frictions between Japan and the United States are currently in a state of truce. Japan should not forget that its surplus and potential bilateral issues with the United States still

remain unresolved. Japan should carefully remove the seeds of potential friction with the United States by continuing the effort to liberalize its market and relax regulations.

Japan has more to do. Japan should aggressively cooperate with the liberalization of trade to promote free trade, which is the world's common property with the perception that the Japanese and U.S. economies can combine to build an undisputable dominant economy in the world. To that end, the United States needs to take some initiatives. Japan will have to seriously study the Japan-U.S. free trade zone that U.S. House Speaker Gingrich reportedly has proposed.

With regard to defense, in short, Japan should build a defense system that is so perfect that Americans say, "Japan is a truly reliable ally" in the event of emergency. What is most clear is that Japan should rewrite the Constitution so as to recognize Japan's exercise of the right to collective self-defense. It may still be difficult for Japan to amend the Constitution with today's politics. Nonetheless, a national debate should be held transcending the taboo. If the perception that "if Japan fails to cooperate with the United States in the event of emergency, this would undermine the Japan-U.S. alliance and also the safety and prosperity of all Japanese and that Japan's cooperation with the United States is inevitable," spreads among the people and is known at home and abroad, this would achieve more than half the goal of increasing the significance of the Japan-U.S. alliance in international politics.

Then there is the most important task for Japan. Japan should vigorously consult with the United States about their policies toward China. Japan must keep in mind that China issues have triggered frictions between Japan and the United States since the beginning of this century, with the exception of the racial discrimination issue. Japan and the United States took joint steps toward resolving China issues until 1971 when former Secretary of State Kissinger visited China. The joint steps of both countries have been in disarray since 1971 and they still remain in disarray. The international circumstances have since changed and generational shift has taken place both in Japan and the United States. Bringing the joint steps back on track will have a very great significance on Japan-U.S. relations for a long time.

Business Leader Views Economic Ties With U.S.

OW3108102195 Tokyo SANKEI SHIMBUN
in Japanese 24 Aug 95 Morning Edition p 13

[Article by Fuji Xerox chairman Yotaro Kobayashi;
"I Think of Japan-U.S. Relations": from the "Sound
Argument" column]

[FBIS Translated Text] **The Sub-Committees by Business Line Bear Fruit**

"Japan-U.S. relations appear to be worsening. What is your comment?" I have been asked this question often. It seems to me that for the past ten years at least, newspaper and television news have based their reporting of Japan-U.S. relations mainly on the "worsening Japan-U.S. relations" although it would be extreme if I insist that newspapers and television have reported Japan-U.S. ties only within the framework of worsening relations. I believe that the newspapers and televisions have continued to see the deteriorating state of relations as a conclusion that they have already drawn.

The 32d general meeting of the Japan-U.S. Economic Consultative Council [JUSECC], generally called the conference of Japan and U.S. business leaders, was held in Tucson, Arizona from 9-11 July. Both Japanese and U.S. business leaders attended the meeting with the perception that Japan-U.S. relations continue to decline. Prior to the meeting, it was feared that it would be held in an unprecedentedly grim and chilly atmosphere, unless Tokyo and Washington struck an eleventh hour deal at their talks on automobiles and auto parts.

What did the Tucson meeting produce? In conclusion, it altered the future direction of the JUSECC, meetings of which have been marked by self-righteous assertions, recriminations, irritations, and a sense of helplessness due largely to the inability of the Japanese and U.S. Governments to resolve bilateral issues. The Tucson meeting yielded results good enough to make both Japanese and U.S. business leaders believe that the meeting generated a momentum for the JUSECC to move—a little—in a positive and productive direction.

As for why the Tucson meeting was able to yield such good results, I can cite the settlement of the Japan-U.S. talks on automobiles and auto parts, and the record number of participants. The meeting was divided into four sub-committees: on information technology, service, auto, and manufacturing industries; at the subcommittee meetings, business leaders from the two countries exchanged lively views.

The four subcommittees focused on discussing a report compiled last year by the "Ad Hoc Joint Task Force" and a report compiled by the "Research Group on Problems

in Trade Structure." In addition, participants exchanged views on how both Japan and the United States should get involved in regional and global organizations, such as the Asia-Pacific Economic Cooperation (APEC) forum and the World Trade Organization (WTO).

Report on Three Themes

In particular, the "Ad Hoc Joint Task Force" is a mechanism for joint work that was set up a year ago under an agreement reached between Japanese and U.S. business leaders at Tokyo's behest. The task force has worked energetically since last autumn on the study of five themes, including macroeconomics, intellectual properties, flat glass, and asset and financial management.

These themes were chosen because of their great effect on economic and trade relations between the two countries. A report was compiled on three themes: macroeconomics, intellectual properties, and flat glass, following agreement by both sides. This agreement was worthy of big news. Contents of the report will greatly inspire the subcommittees to hold live discussions.

The Tucson meeting issued a communique emphasizing the "importance of cooperation between Japanese and U.S. business leaders and their efforts to minimize the danger of politicizing Japan-U.S. economic relations." The meeting closed on a friendly note after adopting a statement recognizing the importance of liberalizing trade in the Asian-Pacific region on the eve of the APEC conference, scheduled for Osaka later this autumn, and the need to work out a liberalization program. At the Tucson meeting, both sides confirmed that new themes would be chosen within 60 days; the Special Joint Task Force would be reorganized; and the JUSECC would continue its activities.

The JUSECC unquestionably marked a turning point in Tucson. Activities carried out by the aforementioned Ad Hoc Task Force, three standing committees established by the Japanese side and the business leaders of both countries, have led Japanese and U.S. businessmen to have a correct understanding of facts and circumstances which are viewed as indispensable, although they are ordinary in many respects.

As seen in the Kodak case, many U.S. business leaders still regard JUSECC as a forum to carry out lobbying activities for the solution of pending bilateral trade issues. They do not view the JUSECC as a forum for both Japanese and U.S. business leaders to discuss how they should cooperate with each other in the future. Some U.S. business leaders think of the JUSECC as a forum to publicize themselves and as unnecessary if there are no bilateral issues. Needless to say, economic

and trade issues will continue to develop between Japan and the United States and these could become further politicized.

To Keep Bilateral Economic and Trade Issues From Being Politicized

If both Japanese and U.S. business leaders increase their exchange of views on data collected and analysis done by the Ad Hoc Task Force and the three standing committees in the course of their activities, the possibility would unquestionably grow that economic issues between Japan and the United States can be kept from being politicized in advance and that the two countries can calmly work to resolve them without rushing to sanctions. Regarding market access, something which U.S. business leaders have great interest in, they should vigorously work to learn from successful examples and ponder how they should contribute to defusing frictions between Japan and the United States instead of simply raising issues and taking an approach to resolving issues pending between the two countries.

Nonetheless, it is crucial for Japan to remove its closeness, irrationality, inefficiency, and noninternationalism, which are used as good materials for inconclusive discussions. Both countries must keep it mind that their private sectors can fully remove many of these issues with their respective resolve and efforts.

From now on, the JUSECC will continue activities to build and maintain a firm cooperative relationship between Japanese and U.S. business leaders, to the point where the relationship is viewed as too healthy and may disappoint some people who take a stereotypical view of grim Japan-U.S. relations.

Article Views FSX Mass Production Plans

*OW3108110895 Tokyo TOKYO SHIMBUN
in Japanese 24 Aug 95 Morning Edition p 3*

[Article in "The Core" column by TOKYO SHIMBUN Political reporter Hirohito Saito and City reporter Shigeru Handa: "Background of DA Decision on Mass Production of FSX"; first paragraph is TOKYO SHIMBUN introduction]

[FBIS Translated Text] The Defense Agency [DA] has decided to include allocations for mass production of the next generation fighter support aircraft (FSX) in its budget request for the next fiscal year. In the next fiscal year, 12 FSX's are scheduled to be produced at an individual production cost of 12.3 billion yen apiece. As for the price, FSX is one of the most expensive fighter planes in the world. The following is a report on the background of the DA's decision on FSX mass production and issues the DA has to deal with amid

emerging criticism regarding the FSX as "a relic of the Cold-War era."

$$(14 + 10)/2 = 12$$

In working out the draft budget request, the DA cudged its brains mostly over "how many fighters should be included in the budget request." In the budget request, 9,197 billion yen are allocated for new contracts for front-line equipment, including allocations for the FSX's to reach 1,476 billion yen. If the DA increases the number of FSX's to be purchased, it has to give up buying other equipment. This is why the DA cudged its brains.

There are other reasons. When the budget is compiled later this year, the DA may be "pressured" by the Social Democratic Party of Japan [SDPJ] — which advocates a disarmament policy — to cut the number of FSX's the DA plans to produce. Since per FSX production costs are very high, cuts in the number of FSX's will greatly affect an overall equipment purchase plan.

But a new five-year defense buildup plan takes effect from the next fiscal year. The DA considers that if the number of FSX's it wants to produce for the next fiscal year is drastically reduced, it may be requested to further curb the purchase amount. For that reason, the DA wants to purchase "at least 10 FSX's" for the next fiscal year.

Although the Air Self-Defense Forces [ASDF] originally requested the DA to purchase 14 FSX's, it was finally reduced to 12. As a result, there was an agreement to purchase 12 planes as if it were decided by the following formula: the DA-proposed 10 planes plus the ASDF-proposed 14, divided by two gave 12.

Host of Issues Facing the DA

The biggest problem is that the cost of producing an FSX is too high. According to the DA's calculation, the average per production cost will be reduced to approximately 8 billion yen if the DA is to purchase 141 planes under its mass production plan. Still, per production cost is over twice as much as that of the F-16 fighter plane, which is the base of the FSX, and there is no other fighter planes in the world that exceeds over 10 billion yen for a fighter to be purchased next fiscal year, the first year of mass production.

Why are production costs so high for the first year of mass production? This is because the FSX is produced jointly with the United States, and in the United States, it is common "business usage to pay in a lump sum" investment cost for plant and equipment needed for mass production (according to a DA source). At the time of the budget compilation, it is anticipated that the DA will be further requested to reduce the number

of planes it plans to purchase while further trimming per plane production costs. Therefore, cutting down the production cost is the biggest task that the DA must come to grips with.

There is also a problem of work-sharing between Japan and the United States. It is specified in an agreement that Japan is responsible for 60 percent of the outlays for the joint project while the United States make up the remaining 40 percent. But for the production, due to the yen's appreciation, the U.S. side's expense share has substantially dropped to below 40 percent. It is necessary to seriously study whether Japan should make concession to make up the difference.

The DA's decision on mass production of the FSX as proposed by the ASDF is also doubtful. Although the mass production plan calls for introducing 141 planes in total, it is still unclear whether the DA can purchase them all; in addition, some fighters for training purposes are also included. The mass production plan will finally be discussed in talks on the Midterm Defense Program to be worked out later this year; however, it will be discussed whether such high-cost fighter planes should be used for training purposes under such severe financial situations.

In addition, it seems that the DA is trying to take advantage of U.S. pressure to materialize the mass production plan. The DA proposes to produce 141 FSX's in total; this is a rough estimate. In this sense, defense industries from both Japan and the United States are expected to take the offensive in order to procure orders for about 130 planes. The Japanese Government, which is exposed to domestic criticism, is likely to work its brain over how to deal with U.S. industries' offensive act.

FSX Performance

Senior ASDF officials speak highly of the FSX's ship and ground attack capability, saying "it will be the strongest fighter support in the world." What is the FSX?

According to the FSX performance requirements worked out by the ASDF, the FSX is able to 1) carry four air-to-ship missiles; 2) carry two to four short-range and mid-range air-to-air missiles respectively; 3) have high electronic warfare capability; and 4) have an action radius of over 450 sea miles (about 830 kilometers) in ship attack. These are the major performance characteristics of the FSX.

In 1985, when Japan was forced to decide on whether it should "domestically" develop new fighter planes or "import" from the United States or "jointly develop" with the United States. Although import from the United States was studied, U.S.-made F-16 and FA-18 fighter

planes, and Tornado's made under international joint development, did not meet ASDF's requirements, which resulted in U.S. dissatisfaction: "It is impossible to meet the Japan-proposed requirements. They want to develop new fighter planes on its own." But the recently developed FSX under the joint project is said to meet all requirements.

Its 830 kilometers action radius is quite long. Senior ASDF members once explained "the FSX will be able to takeoff from the Misawa Airbase and go back to the Matsushima Base, the rear base, in the case of an enemy invasion in Hokkaido."

Since the FSX has both intercept and support capabilities, while keeping excellent manipulation systems like the F-16, performance of the FSX will probably make the "National Defense Program Outline" — which specifies roles for five fighter interceptor squadrons and three fighter support squadrons, as well as roles for each type of fighters — meaningless. In this sense, it can be said that the FSX is a new and powerful fighter developed with the Cold-War era in background.

Banks Extending Joint Loans to Uzbekistan

OW3008132795 Tokyo KYODO in English
1023 GMT 30 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — The Export-Import Bank of Japan [Ex-Im Bank] said Wednesday [30 August] it will extend 6,919 million yen worth of joint loans with Sakura Bank and Fuji Bank to the National Bank for Foreign Economic Activity of the Republic of Uzbekistan.

The Uzbek bank will make use of the loans to construct oil refineries there, Ex-Im Bank officials said.

Ex-Im Bank will provide 4,151 million yen, or 60 percent of the total loans, the bank said.

The joint loans by the Japanese banks are part of international loans to Uzbekistan extended by Japan, the United States and France, it said.

The loans will be spent by oil refiners, who will mostly purchase equipment for removing sulfur from oil from Japanese companies, the bank said.

Uzbekistan is proceeding with its plan to repair decrepit oil-producing plants in an attempt to improve productivity and become economically independent from Russia, it said.

Murayama on Decision To Freeze PRC Aid

OW3108073795 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 2

[FBIS Translated Text] China has expressed its regret over the Japanese Government's decision to freeze grants-in-aid. Touching on this, Prime Minister Tomiichi Murayama stated on the morning of 30 August: "Each has his own claims. (It would be undesirable) for us not to say clearly what we have to say." In this way, Murayama stressed his intention to clarify the government's stance on further continuing its protest against the nuclear tests. He made these comments in reply to a question by reporters at the Prime Minister's Official Residence.

Panel Urges Reconsideration of PRC Yen Loans

OW3108042095 Tokyo MAINICHI SHIMBUN
in Japanese 30 Aug 95 Morning Edition p 3

[FBIS Translated Text] On 29 August, the ruling coalition's foreign affairs coordination subcommittee (chaired by representative Seiji Maehara) orally agreed that Japan's yen-based loans to China "should be reexamined depending on China's future stance toward the nuclear testing issue." The Ministry of Foreign Affairs [MOFA] pledged it will respect the coalition policy. The agreement was then reported to the coalition's policy coordination committee (chaired by Nobuyuki Sekiyama), and Maehara and Sekiyama conveyed the agreement to the government as a coalition request.

The subcommittee met several times since the morning of 29 August to discuss counteractions to China's nuclear testing. In protest to China's nuclear testing, the government has already announced its decision to cut its official development assistance (ODA) to China, by suspending grants-in-aid except for humanitarian, disaster-relief, and grassroots aid programs. As a result, Japan's grants-in-aid this fiscal year are expected to decline to "approximately 420 million yen" (as noted by Foreign Minister Yohei Kono), or below one-fifteenth of the 1994 aid.

The subcommittee asked the MOFA, in written form, to confirm the possibility of reconsidering yen-based loans, the primary aid quota for China, if the nation continues nuclear testing in the future. However, the MOFA showed its hesitation to receive it as a formal request, and it was brought to the MOFA as an oral request by the subcommittee chairman, instead. MOFA Secretariat Director Tadashi Ikeda assured the ministry will "give adequate consideration to the request."

Over \$1 Billion Withdrawn From Kizu Credit

OW3008131895 Tokyo KYODO in English
1257 GMT 30 Aug 95

[FBIS Transcribed Text] Osaka, Aug. 30 KYODO — A total of over 100 billion yen worth of deposits were withdrawn from Kizu Credit Union after Wednesday's [30 August] reports that the union is in critical conditions, financial sources said.

The amount is much larger than that in a run on Cosmo Credit Corp. of Tokyo on July 31.

The National Federation of Credit Cooperatives extended emergency loans to meet the withdrawal requests from customers at Kizu Credit Union, the sources said.

The Osaka Prefectural Government and the Finance Ministry on Wednesday ordered Kizu to suspend operations, deeming it unable to restructure itself with bad loans amounting to more than 600 billion yen.

Kizu's financial situation has been deteriorating rapidly, with the credit union, Japan's largest in terms of deposits, unable to stop an outflow of funds.

The crisis follows the failure of three credit unions in Tokyo — Tokyo Kyowa Credit Association, Anzen Credit Bank and Cosmo.

Kizu has probably accumulated the greatest burden of nonperforming loans in Japan's postwar history, exceeding even that at Cosmo, financial sources said.

Following the announcement of the virtual bankruptcy of the credit union, Yasuo Matsushita, Bank of Japan governor, said at a press conference in Tokyo that it will take at least several months to devise a detailed bailout scheme.

Financial sources said that in any case deposits at the credit union are likely to be fully guaranteed.

Depositors would be able to withdraw their deposits, except for time deposits of 100 million yen or more or deposits that have not yet matured, they added.

The sources said Minoru Kagiya will resign as president and Tasuku Hasemura, currently executive director, will become acting president.

The massive nonperforming loans are expected to be cleaned up by funds from the central bank, the Deposit Insurance Corp., the Osaka Prefectural Government and other private financial institutions, they said.

The operation of the credit union will then be taken over by some other financial organization.

The transfer of the business will resemble that of Tokyo Kyodou Bank — publicly funded rescue vehicle set up

in January — for the liquidation of Tokyo Kyowa and Anzen credit unions, the sources said.

Meanwhile, to help worried Kizu depositors, the Osaka Prefectural Government announced a set of measures.

The steps include answering depositors' questions at consulting windows from Thursday to Sept. 8, and preparing up to 700 million yen in emergency loans for those who need funds to support a business, for example.

Established in 1953, Kizu absorbed two other credit unions in the 1970s and '80s, steadily expanding its operations.

In the so-called "bubble" economy era of the late 1980s, it expanded further by attracting large-lot depositors with the higher interest rates made possible by financial deregulation.

Its outstanding deposits topped 1 trillion yen in August 1993 to make it Japan's largest in deposit terms. Outstanding deposits at the end of July totaled about 1.19 trillion yen.

But its lending to real estate development projects left it with an enormous burden in bad loans after the collapse of the bubble economy.

For the past several years, the credit union has pursued a precarious day-to-day strategy of gathering deposits through higher-than-average interest rates and using the funds to cover delays in repayment by debtors.

MOF To Ask Insurers To Cede Hyogo Loans

*OW3108115495 Tokyo KYODO in English
1051 GMT 31 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — The Ministry of Finance (MOF) and the Bank of Japan (BOJ) will ask insurance firms to relinquish their claims on financially troubled Hyogo Bank as part of a rescue scheme for the largest second-tier regional bank in Japan, ministry and BOJ sources said Thursday [31 August].

Life and nonlife insurers will be asked to give up about 55 billion yen in combined subordinate loans to Hyogo as a way to finance part of the disposal of 790 billion yen in irrecoverable nonperforming loans, the sources said.

But negotiations between insurance firms concerned and monetary authorities will be tough going with the insurers likely to oppose the idea, said banking observers.

Under the bailout plan outlined by the MOF, the operations of Hyogo Bank are to be shifted to a new

bank to be created by commercial banks and other private firms early next year.

Subordinate loans to be given up by the insurers will also be used to finance capital for the new bank, said the sources.

Interest rates are set at higher levels for subordinate loans than ordinary loans but their holders receive payments after all other creditors are paid.

Debtors are legally immune from repayment of subordinate loans in the event of bankruptcy but no such requests have been made in past bank failures in Japan.

The insurance firms are likely to brush off the request, claiming the latest development concerning Hyogo is not technically bankruptcy because the bank is just being transferred to a new entity, said the observers.

Kobe-based Hyogo Bank has received subordinate loans from some 10 insurance firms, including Nippon Life Insurance Co. and Sumitomo Life Insurance Co.

The bank has stepped up borrowing under subordinated terms since 1988 as a means to meet an international capital adequacy goal set by the bank for international settlements.

The rescue plan also calls for over 400 billion yen in supply from Deposit Insurance Corp. and 60-80 billion yen in subordinate loans from the central bank.

Hyogo's capital, which is worth 160 billion yen, will also be used to write off part of its unrecoverable loans of 790 billion yen, leaving 630 billion yen in bad loans for liquidation under the rescue plan.

The BOJ and MOF sources said the capital for the new bank will likely total 80 billion yen, to be put up by a wide variety of companies, including local concerns.

Possible participants will include Sumitomo Bank and the Long-Term Credit Bank of Japan, both shareholders in Hyogo Bank, the sources said.

Major leasing firm Orix Corp. and supermarket chain giant Daiei Inc. will also be asked to put up money for the capital, the sources said.

Combined equity holding for the new bank by financial institutions will be less than 50 percent, they said.

Employees at Hyogo Bank will be rehired by the new bank, with salaries cut by 20 percent, the sources said.

Salvation for the bank emerged after financial authorities judged its self-reconstruction has become impossible.

The Finance Ministry opted for reconstruction rather than complete liquidation as in the case of Kizu Credit Union, which went under Wednesday, the sources said.

Hyogo Bank should play a key role in rehabilitating areas and companies battered by the Jan. 17 great Hanshin earthquake, the sources said.

MOF To Press Sanwa To Share Kizu Burden

*OW3108063495 Tokyo KYODO in English
0554 GMT 31 Aug 95*

[FBIS Transcribed Text] Osaka, Aug. 31 KYODO — The Finance Ministry [MOF] and the Osaka prefectural government are likely to press Sanwa Bank to join a liquidation scheme for the failed Kizu Credit Union, to which the bank introduced large-lot depositors, ministry and Osaka Government sources said Thursday [31 August].

Sanwa Bank is expected to be asked to contribute to writing off Kizu's 600 billion yen in unrecoverable loans, they said.

But negotiations between Sanwa and monetary authorities will be tough, with the Osaka-based major commercial bank rejecting any responsibility in the bankruptcy of Kizu, Japan's largest credit union, the sources said.

Sanwa acknowledges that some of its branches found deposit customers for Kizu but maintains that since the credit union accepted the customers it should take responsibility for the consequences, they said.

Kizu Credit Union collapsed Wednesday under the unbearable burden of some 800 billion yen in nonperforming loans, including the 600 billion yen in unrecoverable loans.

The Osaka prefectural government, which supervises Osaka credit unions, ordered Kizu credit on Wednesday to close its operations, except for deposit withdrawals.

Takemura Claims Banking Problems 'Overcome'

*OW3008134095 Tokyo KYODO in English
1308 GMT 30 Aug 95*

[FBIS Transcribed Text] Tokyo, Aug. 30 KYODO — The biggest problems facing Japan's financial system have been overcome with the decision on the disposal of an Osaka credit union and a Hyogo-based regional bank, Finance Minister Masayoshi Takemura said Wednesday [30 August].

In announcing the basic disposal policy for Hyogo Bank, the financially troubled second-tier regional bank in Kobe, and for Osaka-based Kizu Credit Union, Takemura said, "The settlement of our big problem involving individual financial institutions is in sight. We

have overcome the difficulty and can head toward the stabilization of the financial system."

Takemura said at an emergency press conference that the Osaka Prefectural Government decided during the day to suspend operations of the nation's largest credit union, excluding conditional withdrawal of deposits, as it judged it difficult for the union to continue business.

The decision was formally announced by Osaka Gov. Isamu Yamada (or "knock" Yokoyama) on Wednesday evening. The Osaka government is in charge of supervising credit unions in Osaka, the hub of commerce and industry in western Japan.

Upon notice from Hyogo Bank of its difficulty in raising funds and continuing business, the Finance Ministry has decided to liquidate the top-ranking second-tier regional bank early next year and transfer its operations to a new bank, Takemura said.

Until the transfer, however, Hyogo Bank will continue operations as usual with financial support from the central bank as occasion demands, he said, stressing the need for a sound regional bank in Hyogo Prefecture.

Hyogo bank holds bad loans worth 1.5 trillion yen, of which 790 billion yen is irrecoverable, according to the Finance Ministry.

Of the irrecoverable loans, 630 billion yen will be taken over by the new bank to be set up with private investment, with the gap covered by capital of 160 billion yen owned by Hyogo Bank, ministry officials said.

To help write off the 630 billion yen in bad loans over 10 years, Deposit Insurance Corp. will offer more than 400 billion yen in grants, while profits of the new bank are expected to finance write-offs of some 180 billion yen of bad loans, the officials said as a rough estimation.

The ministry has sounded out Junzo Yoneda, vice president of the Kobe Chamber of Commerce and Industry, about his willingness to promote the new bank as being eligible and trustworthy, the officials said.

The ministry expects Hyogo Bank to sell off operations outside the prefecture to other existing financial institutions so that the new bank can concentrate on business in the prefecture, they said.

At the outset, the central bank is ready to provide subordinated loans worth more than 100 billion yen for the new bank under Article 25 of the BOJ [Bank of Japan] Law in order to supplement the credibility of the new bank, they said.

For the disposal of Kizu Credit Union, saddled with 630 billion yen in irrecoverable bad loans, Deposit Insurance

Corp. will also provide more than 400 billion yen in grants, the officials said.

A specific disposal scheme will be worked out by the Osaka government in cooperation with the Finance Ministry and the central bank as soon as possible, with a view to protecting depositors and maintaining credit order, they said.

Deposit Insurance Corp., set up in 1971, collects premiums from financial institutions to protect depositors in case of failure. Its reserves totaled 870 billion yen as of March, the officials said.

Since the corporation can borrow a maximum of 500 billion yen from the central bank, its funds are enough to cover financial aid of 900 billion to 1 trillion yen for Hyogo and Kizu, as well as 110 billion yen for Cosmo Credit Corp., another failed credit union in Tokyo, the officials said.

Takemura on Bad Debts of Housing Loan Firms

OW3108053195 Tokyo NHK General Television
Network in Japanese 0300 GMT 31 Aug 95

[Announcer-read report; from "NHK News" program]

[FBIS Translated Text] Speaking on an NHK program this morning, Finance Minister Masayoshi Takemura referred to the problem of housing loan companies, and said what is left unresolved of the nation's bad credit problems involves the housing lenders. These housing loan companies are in operational difficulties as a result of huge debts that are said to amount to 6 trillion yen.

He said his ministry will come up with appropriate actions to resolve the problem before the end of the year. In the meantime it watch the progress of deliberations on the subject in the Diet.

There is currently a dispute over the question of how to settle the debts of the housing lenders, or how their debts should be shared among the banks and securities companies that invested in the formation of the companies initially, and the agricultural cooperative-related banking institutions that have provided large amounts of funds to the companies since then. There are differences of view also as to whether public funds should be used or not.

In his remarks, Finance Minister Takemura revealed the intention of the Finance Ministry to adjust the views of all those concerned and to decide on the framework of action to deal with the bad debts of the housing lenders by the end of the year.

New Commercial Law Eyed To Promote Mergers

OW3108041995 Tokyo SANKEI SHIMBUN
in Japanese 23 Aug 95 Morning Edition p 1

[FBIS Translated Text] With the economic situation rapidly changing, on 22 August, the Ministry of International Trade and Industry [MITI] and the Ministry of Justice [MOJ] basically agreed to partially revise the existing Commercial Law to create an environment in which companies can easily conduct mergers. For the sake of speedy mergers, special steps will be taken to allow simplified mergers of corporations and their subsidiaries, while streamlining procedures involving stockholders' general meetings on mergers. The Commercial Law Subcommittee of the MOJ Legislative Council, a consultative organ to the MOJ minister, will begin discussing details by the end of this year, seeking to complete revision by the end of FY97 at the earliest.

If a big company with many stockholders plans to carry out a merger, it needs several hundred million yen only to follow required Commercial Law procedures. It takes at least six months before achieving merger, and if negotiations are entangled, it might take one to two years. Many companies suffering current deficits are restructuring. A senior manufacturing company official said: "If just following merger procedures costs several hundred million yen, some companies would be forced to give up their plans. Many good opportunities were lost like this."

It is said the Commercial Act's Sections 408 and 412, which obligate companies to hold stockholders' general meetings before and after a merger, raise merger costs. The industrial sector, including Keidanren [the Federation of Economic Organizations of Japan], has criticized those sections, saying that general meetings need to be held before mergers to win stockholder approval, but holding meetings afterwards only to report the result is meaningless. MITI and the MOJ are considering eliminating the obligation of holding "stockholders' meetings after mergers" by this revision.

At present, the Commercial Act's "Section 100" requires companies to take "steps to protect creditors" before a merger. That is, if creditors oppose plans, companies will not be able to carry out a merger unless they redeem borrowing. For the sake of smooth mergers, MITI and the MOJ are considering revamping the law to conduct merger programs independent of negotiations with creditors.

Even if parent companies try to absorb their 100-percent-owned subsidiaries, they must take the same steps as those requisite for ordinary mergers under the existing law. Special steps will be formulated for mergers of subsidiaries to drastically simplify procedures.

Some companies expressed their growing dissatisfaction, saying: "Even if we try to absorb subsidiaries that are suffering financial difficulties, it would cost too much time and money."

In a bid to have companies regain their vigor, MITI believes that merger and structural reform in the industrial circle should be promoted by revising the Commercial Law. Therefore, MITI called on the MOJ to revamp concerned laws, and made arrangements.

Highlights of Budgetary Requests for FY96

OW3108100195 Tokyo KYODO in English
0937 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — The following are highlights of budgetary requests for fiscal 1996 starting next April submitted to the Finance Ministry by government ministries and agencies by Thursday's [31 August] deadline.

— Requests for the general-account budget totaled about 79.19 trillion yen, up 11.6 percent from the initial fiscal 1995 budget. The growth was the highest in seven years and the first double-digit rise in six years.

— The prospect of a deficit-covering bond issuance for the first time in seven years is growing. The issuance would cover an expected gap of more than 9 trillion yen between the requests and the Finance Ministry's revenue estimate.

— Requests for general operating expenditures grew 4.2 percent, the maximum allowed under a ceiling set in late July to help prop up the economy.

— Requests for Official Development Assistance (ODA) outlays increased by 7.0 percent, the smallest ever, while those for the defense budget rose 2.9 percent, compared with a 0.855 percent growth rate in the initial fiscal 1995 budget.

— For additional outlays to promote economic reforms, requests were made for such fields as research and development, and antidisaster measures.

— Requests for the general fiscal investment and loan program, known as the "second national budget," increased 3 percent to 41.54 trillion yen, the smallest growth since fiscal 1986.

Budget Requests Up, Deficit Bonds Possible

OW3108103895 Tokyo KYODO in English
0946 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — Budgetary requests of government ministries and agencies for fiscal 1996 posted the highest growth in seven years as the need for deficit-covering bond issues

seemed inevitable for the first time in seven years, Finance Ministry officials said Thursday [31 August].

The requests, the submission of which closed the same day, rose 11.6 percent from the current year's initial budget to some 79.19 trillion yen. It marks the first double-digit growth in the general account budget since fiscal 1990, the officials said.

The budgetary requests for fiscal 1996, which starts next April, exceeded the ministry's revenue estimate for the year of about 70 trillion yen by more than 9 trillion yen, they said.

The ministry will immediately set about screening the requests to trim them to the mid-70 trillion yen level, they said.

However, since the shortfall is unlikely to be completely covered even by makeshift budgetary techniques, floating deficit-financing bonds seems inevitable, they said.

It would be the first time since fiscal 1989 for the ministry to issue deficit-covering bonds to make up for a revenue shortfall.

The ministry attributed the sharp rise in the requests mainly to increasing debt-servicing costs and substantial growth in general operating expenditures to prop up the ailing economy.

The cabinet of Prime Minister Tomiichi Murayama is to adopt a final budget plan compiled by the ministry in late December if everything goes smoothly, they said.

Requests for funds to cover debt-servicing costs, such as debt redemption and interest payments, jumped 32.2 percent to 17,473.7 billion yen.

Requests for general operating expenditures — the core budget for defense, public works and other key spending which excludes debt servicing and tax grants to local governments — amounted to some 43.93 trillion yen, up 4.2 percent, the maximum allowed under a ceiling imposed in late July.

Requests for tax grants to local governments totaled 15,923.7 billion yen, up 20.5 percent.

In general operating expenditures, requests for outlays to finance Official Development Assistance (ODA) rose by 7.0 percent, the smallest growth set under the ceiling because of severe fiscal conditions.

Requests for the politically sensitive defense budget increased 2.9 percent to 4,860.6 billion yen, mainly due to installments for equipment contracted in the past, they said.

The 2.9 percent growth is higher than the 0.855 percent rise in the initial fiscal 1995 budget.

For additional outlays of 140 billion yen to promote economic reforms and scientific research, budgetary requests were made in such fields as support for corporate research and development, development of software for telecommunications and improvement of antidisaster systems.

Requests for the general fiscal investment and loan program, popularly known as the "second national budget," came to about 41.54 trillion yen, up 3 percent.

The 3 percent growth is the smallest since fiscal 1986, but the absolute level of the requests remains high because of sharp increases since fiscal 1992, the officials said.

The program by the government-affiliated organizations is designed to improve social infrastructure, such as roads and housing, by utilizing funds collected through postal and pension savings.

Kono on Withdrawal From LDP Presidential Race

OW3108064395 Tokyo KYODO in English
0628 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — Liberal Democratic Party (LDP) President Yohei Kono said Thursday [31 August] he has decided not to run for another two-year term to head the party "considering the circumstances under which domestic political problems to solve have mounted."

Kono, who concurrently serves as foreign minister and deputy prime minister, made the remarks in a speech at the outset of a meeting of local LDP secretaries general held at party headquarters in Tokyo.

The incumbent announced Monday he will not run in the Sept. 22 party presidential election with International Trade and Industry Minister Ryutaro Hashimoto reportedly winning majority support among LDP members.

Kono suggested he does not object to the election itself, although on Monday in declaring he would quit the race said he is afraid that activities to gather majority support may produce a split among party members.

"I know we have electoral rules and there are opinions that active discussions should be implemented within the LDP. It is important that discussions be carried out among people with aspirations. I hope every party member makes a clever judgment on the issue without being negligent in politics," he said.

During the same session, LDP Secretary General Hiroshi Mitsuzuka expressed determination for the LDP to hold single-party rule after the next general election of the House of Representatives which is expected to be held later this year or next year.

The LDP is the largest component in the tripartite ruling coalition but Prime Minister Tomiichi Murayama is from the smaller coalition partner Social Democratic Party.

LDP Faction Wary of Fielding Mori in Election

OW3108100795 Tokyo KYODO in English
0948 GMT 31 Aug 95

[FBIS Transcribed Text] Tokyo, Aug. 31 KYODO — A group of Liberal Democratic Party (LDP) lawmakers loyal to LDP Secretary General Hiroshi Mitsuzuka on Thursday [31 August] expressed caution about fielding a candidate to compete with International Trade and Industry Minister Ryutaro Hashimoto in the party presidential race.

Senior group leader Masajoro Shiokawa proposed having group member and Construction Minister Yoshiro Mori compete in the election slated for Sept. 22.

His proposal drew cautious responses from lawmakers largely from Mitsuzuka's former faction, according to participants at a meeting at a Tokyo hotel.

The participants said they will meet again to discuss the issue after Mori returns from an overseas trip Sept. 6.

Hashimoto is the only LDP legislator to have declared his candidacy in the presidential poll.

Incumbent LDP President Yohei Kono announced Monday that he will not seek a second two-year term.

North Korea

Daily Urges U.S. To 'Accede' To Negotiations

SK3108102995 Pyongyang KCNA in English
1011 GMT 31 Aug 95

["Durable Peace Is Prerequisite to Reunification by Means of Confederacy" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — To create a peaceful atmosphere on the Korean peninsula is a prerequisite to the independent and peaceful reunification of the country, stresses NODONG SINMUN in an article today.

The author of the article says:

Because the Korean people love peace, they should prevent the outbreak of a war in this land and because they want reunification, they should arrange a peaceful prerequisite to reunification by means of confederacy .

To ensure peace on the Korean peninsula, the Armistice Agreement should be replaced by a peace agreement, a new peace mechanism set up, and the non-aggression

agreement signed by the North and the South should be implemented with sincerity.

To replace the Armistice Agreement with a peace agreement, the United States, a signatory to the Armistice Agreement, should accede to the negotiations with the DPRK. But, the United States is taking an insincere attitude, not living up to its responsibility for ensuring peace and security of the Korean peninsula.

The South Korean authorities, who are not a signatory to the Armistice Agreement and play part of U.S. war servants with no actual power, have neither qualification nor justification to meddle in replacing the outmoded armistice system with a new peace mechanism.

Peace does not come of its own accord even though we want it. It should be won only through a nationwide struggle. All Koreans at home and abroad should lift up their voices calling for the replacement of the Armistice Agreement with a peace agreement, wage a vigorous nationwide struggle to materialize the North-South non-aggression declaration and resolutely check and frustrate the reckless moves of the belligerent forces to catch fish in troubled waters through strained tension and war rackets.

Group Criticizes Arrest of Pak Yong-kil

*SK3008150895 Pyongyang KCNA in English
1501 GMT 30 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The North America-DPRK Friendship Association recently issued a statement criticising the anti-national, anti-reunification act of the Kim Yong-sam group and urging the release of Pak Yong-kil, the Koreans' newspaper in the United States SINHAN MINBO reported.

The widow of Rev. Mun Ik-hwan, pro-reunification patriot of South Korea, was arrested after visiting the northern half of the country.

The anti-national, anti-social "civilian government," a group of traitors, blocked conscientious-minded people from visiting the North to mourn over the death of the great leader President Kim Il-sung last year, which lacerated the hearts of the sorrow-stricken northern people, said the statement, adding: "Far from atoning for the crime, the group arrested the envoy of the South Korean people who visited Pyongyang to mark President Kim Il-sung's first anniversary. This means lacerating the hearts of the people once again."

The statement called on the patriotic-minded people of the nation to fight to make the traitor Kim Yong-sam pay for his atrocity a thousandfold.

Kim Yong-sam's Midterm News Briefing Denounced

*SK3108040595 Pyongyang Korean Central
Broadcasting Network in Korean
1223 GMT 29 Aug 95*

[Commentary by Yun Pyong-son: "Confession of One With Bitter Experiences"]

[FBIS Translated Text] The traitor Kim Yong-sam had a luncheon briefing with Chongwadae [presidential offices] correspondents at Chongwadae on 25 August. Commenting on the second half of his term, he said that he would assume the attitude of a newly inaugurated president in the remaining two and a half years and that he would do his best, thus feigning that he would accomplish something. If he were going to discuss his feelings, he should have frankly admitted to the crimes he committed in the first half of his term, but he did not mention a word of it and talked about the mirage of propelling South Korea to the center of the world. His play with words does not merit consideration or discussion, but the rascal shamelessly distorted reality, talking about South Korea being an independent country following World War II and saying that he is the only one to have realized the blossoming of national democracy. We cannot but go about verifying the truth because he is fooling the people and misleading public opinion.

Following World War II, many countries became free from colonialism and achieved liberty and independence. They started to build a new society and achieved political and economic development in leaps and bounds. However, South Korea only changed its master by shifting from being a colony of Japanese imperialists to one of the United States. Nothing has changed in South Korea. A government and a National Assembly exist, but the South Korean puppets have never independently established even one policy and their army does not have the prerogative of supreme command. Traitor Kim Yong-sam, who has the title of president, cringes before his U.S. masters and does everything the masters say. How dare he use the word independence? How shameless he is to claim that he blossomed democracy?

Atrocious and suppressive organizations are rampant in an unpopular society. The National Security Law and various evil laws that are prone to changing to fit the circumstances, as well as suppressive organizations such as the Agency for National Security Planning which is the general headquarters of human rights infringement, make up a net that binds the people's hands and feet in South Korea. People are imprisoned for studying and disseminating the chuche idea that

the world's people worship; atrociously suppressed for demanding independence, democracy, and reunification; and sentenced for longing relations with the North, which is the same nation. This is the reality in South Korea.

South Koreans have been deprived of basic democratic freedom and rights entitled to all independent human beings. They cannot but obey fascist rule. Kim Yong-sam lays a cover of independence and democracy on the South Korean society, which is a typical colony, an unparalleled fascist society, and a moor for democracy and popular rights. What shameless human trash he is. What is more ridiculous is that he said in answer to a question on the most thorny issue at the news briefing, that he had lost many nights of sleep when the North withdrew from the Nuclear Nonproliferation Treaty, that he tried to warn someone and persuade the United States as to the seriousness of the situation, and that there were many difficult moments. He even said that the negotiations on the light-water reactors were settled as the South intended, which is a self-centered opinion that would make even a cat laugh.

Using our fictitious nuclear issue, the puppets joined hands with foreign forces to resume the Team Spirit nuclear war exercise and talked about such words as reprisal and retaliation, driving the situation to the brink of war. When the DPRK-U.S. talks were underway, they called on U.S. masters and said that the masters were making too many concessions to the North and were becoming too embroiled. It is well known that they schemed to hinder progress. However, the DPRK-U.S. agreed framework and joint press statement were adopted without fail. The words South Korea cannot be found in the documents.

International opinion ridiculed South Korea for being alienated from DPRK-U.S. talks. Like the dog staring up at the roof at the chicken it was chasing, Kim Yong-sam has lost face before the world. How ridiculous for him to rave that the light-water reactor negotiations were settled as he intended. Even a weasel would try to find a hole at its shame. Kim Yong-sam is certainly worth less than a weasel.

At the news briefing, Kim Yong-sam said that he deeply felt that the presidency is never an honorable position and that the Chongwadae is the loneliest place. This is Kim Yong-sam's confession to the successive failures in domestic, international, and North Korean policies during his term, and an admission to the subsequent rejection and isolation by people at home and abroad. For him to make such a confession when he has dreamed of becoming president since he was in middle school,

he must have had his fill of bitter experiences and rough times in the last two and a half years of his term.

The problem is that even though he made the confession, he has not changed. Having made society fascist and strengthened the suppression of people, no one believes that he will change. No one deserves more pity than someone who does not know oneself. South Koreans are enraged by the rascal's treacherous rule and are demanding that the traitor be toppled. The traitor Kim Yong-sam should not remain in the post he called lonely and dishonorable. He had better step down from power.

Commentary Criticizes South's Kim Yun-hwan

SK3108053195 *Pyongyang KCNA in English*
0447 GMT 31 Aug 95

["Undisguised Political Tieup" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — A few days ago, Kim Yun-hwan, "chairman of the Democratic Liberal Party [DLP]" of South Korea, called at the houses of traitors Chon Tu-hwan and No Tae-u and asked them to render cooperation for "unity of all the ruling camp". This comes under fire in NODONG SINMUN today.

The paper says in a commentary:

The Kim Yong-sam group let him, who has close personal contacts with the military dictators of the "Fifth and Sixth Republics", play a principal role in getting their "cooperation". In this way, they are seeking to tighten the political tieup with the Chon-No military dictatorial forces.

The Kim Yun-hwan's visit to the former dictators was a premeditated act by the traitor Kim Yong-sam's idea and order.

For this purpose, the traitor made a shake-up in the "DLP" recently and placed in the seat of its "chairman" Kim Yun-hwan, an old servant of the military dictatorship of the "Fifth and Sixth republics".

The Kim Yong-sam group want to prop up their crumbling "regime" and have their men returned in "parliamentary elections" to be held next year by continuing the fascist rule in league with the military dictatorial forces.

The Kim Yong-sam group's kissing Chon and No, who have already dumped into the rubbish heap of history for their blackest crimes against the country and the nation goes to clearly show that their days are numbered.

Commentary Criticizes South's Ruling Party

SK3108053395 Pyongyang KCNA in English
0450 GMT 31 Aug 95

["Party Expansion With No Chance of Success" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — South Korea's "Democratic Liberal Party [DLP]" reportedly plans to set up a "Department of Youth Affairs" in it and "strengthen youth organizations" so as to "give concrete shape to the system for parliamentary elections".

In a commentary NODONG SINMUN today says this reveals the "DLP's" criminal intention to have its members returned in the elections by winning young people's favor with all honeyed words and tricks.

The paper further says:

Since the "DLP" suffered a serious defeat in the "local autonomy elections", many members have left it and internal contradictions have got worse, causing intraparty squabbles every day.

The results of the "local autonomy elections" indicate that the Kim Yong-sam's fascist regime and his private political party, the "DLP", are already in waning days and the day of their doom is not far off.

The establishment of the "Department of Youth Affairs" cannot change the situation.

The puppets had better clearly see the situation, stop the party expansion with no chance of success and step down from power without delay as demanded by all the people.

Teachers Issue Declaration on 'Kwangju Massacre'

SK3108051195 Pyongyang KCNA in English
0431 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — Over 400 teachers of 199 primary and secondary schools in South Cholla Province published a declaration Wednesday urging a lawsuit against the main culprits of the Kwangju massacre, a Seoul-based radio report said.

In the declaration they said that from the position of a teacher, who should teach justice, they were perplexed by the puppet authorities' recision not to bring the chief culprits to trial. And they demanded that a special law be enacted to punish the chief culprits and the truth behind the Kwangju movement for democracy be recorded in the textbook.

They warned that they would continue to publish declarations whenever they face the suppression by the authorities as regards the declaration.

Such an action as publishing a declaration on the situation is expected to spread throughout South Korea, to say nothing of Kwangju area, the report added.

Hwang Chang-yop Meets Russian Party Official

SK3008230695 Pyongyang KCNA in English
1510 GMT 30 Aug 95

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — Hwang Chang-yop, secretary of the Central Committee [C.C.] of the Workers' Party of Korea, met and had a friendly talk with G. Seleznyov, secretary of the C.C., the Communist Party of the Russian Federation, at the Mansudae Assembly Hall today.

Russian Group Visits Kumsusan Memorial Palace

SK3108050895 Pyongyang KCNA in English
0422 GMT 31 Aug 95

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — A delegation of the State Duma of the Russian Federation led by Vice-chairman of the Duma Gennadiy Seleznev, secretary of the Central Committee of the Communist Party of the Russian Federation, on August 30 visited Kumsusan Memorial Palace where the great leader President Kim Il-song is preserved in state and paid homage to him.

The guests expressed respects up to the statue of President Kim Il-song and then made bows to him who is preserved in state.

The head of the delegation wrote in a visitor's book: "We shared sorrow with the Korean people, upon hearing the sad news that the great leader Comrade Kim Il-song passed away. He will remain forever in the memory of our people."

Earlier, the delegation laid a floral basket before the statue of President Kim Il-song on Mansu Hill and made a bow.

Group Departs for World Conference on Women

SK3008230595 Pyongyang KCNA in English
1509 GMT 30 Aug 95

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — A delegation of the Democratic People's Republic of Korea led by Minister of Finance Yun Ki-chong left here today to participate in the 4th World Conference on Women to be held in China.

It was seen off at Pyongyang railway station by Vice Foreign Minister Choe Su-hon, resident representative of the U.N. Development Programme in Pyongyang G. Faruq Chikzad [spelling of name as received] and a counsellor of the Chinese Embassy.

Friendship, Unity With Cuba Hailed

SK3008120395 *Pyongyang Korean Central
Broadcasting Network in Korean*
0750 GMT 29 Aug 95

[Unattributed talk: "Ties of Friendship and Unity Between DPRK and Cuba Are Being Consolidated With Each Passing Day"]

[FBIS Translated Text] Amid the friendship and unity with the Cuban people, which is being further strengthened, our people today mark the 35th anniversary of the establishment of diplomatic relations between the DPRK and Cuba.

The establishment of diplomatic relations between the DPRK and Cuba on 29 August 1960 was an important occasion for strengthening and developing the friendship and cooperative relations between our two people to a new and higher stage.

The great leader [yongdoja] Comrade Kim Chong-il pointed out: Although the people of the DPRK and Cuba are far from each other, with an ocean and a continent between them, their hearts are firmly linked as one.

The militant friendship and unity between the people of our two countries over the past 35 years have been consolidated and developed in the course of jointly overcoming the trials and of struggling for the common cause, hand in hand.

Although the DPRK and Cuba are geographically far apart, the hearts of the people of our countries are linked as one. By always linking their hearts as one, the people of the two countries support and cooperate with each other, and do not remain oblivious to revolutionary principles and a comradely sense of obligation under difficult and complex conditions.

Under the leadership of Comrade Fidel Castro, the supreme leader of the Cuban revolution, the Cuban people pioneered the path of socialism for the first time in the western hemisphere. They unswervingly defend the banner of socialism by smashing the imperialists' challenge and maneuvers of disturbance.

From the first day when the Cuban revolution achieved victory, the United States persistently implemented hostile policies against that country. The United States used various criminal maneuvers against Cuba, such as a di-

rect military invasion, military threats and menacing actions, and economic and diplomatic blockades. However, the Cuban people always smashed these U.S. maneuvers at each step by loudly singing the song of revolution and struggle.

Even today, the United States and those reactionaries in collusion with it perpetrate anti-Cuban maneuvers instead of seeking lessons from their miserable defeats of the past.

The Cuban people are a courageous people who firmly adhere to an anti-imperialism position, who are not wavered by any U.S. maneuver, and who have a strong revolutionary principle.

Today, the people's ideal is blossoming as a reality in the land of Cuba. Ever since they achieved victory in the revolution, the Cuban people attained a great number of successes and achievements.

For over 35 years, production in major domains of the national economy has been constantly enhanced and strengthened, and agricultural products have increased remarkably.

Thanks to the just line for building a national culture and the popular policies of the Cuban party and government, the national culture has developed each day; educational and public health works have been improved; and the people's material and cultural standard of living has been upgraded.

In addition, a reliable national defense force has been provided in Cuba which enables Cuba to safeguard the revolution with its own strength and credibly defend the security of the nation.

One cannot think of all these changes in Cuba without the righteous leadership of Comrade Fidel Castro.

Our people rejoice and offer congratulations for all the achievements made by the fraternal Cuban people in the revolution and construction as if they were our own.

Today, our people are vigorously accelerating the socialist construction by highly upholding the respected Comrade Kim Il-song as the everlasting sun, all under the wise leadership of the great leader [yongdoja] Comrade Kim Chong-il. We are actively struggling to achieve the independent and peaceful reunification of the nation.

The Cuban people have always actively supported and encouraged our people's struggle for socialist construction and national reunification.

DPRK-Cuban friendly relations, which are being consolidated and developed into a most sincere and solid

militant friendship between the class brothers, are based on the comradely friendship and lofty trust forged between the great leader Comrade Kim Il-song and Comrade Fidel Castro, the outstanding leader of the Cuban people.

The historic meeting in 1986 between the great leader Comrade Kim Il-song and Comrade Fidel Castro was an important occasion that promoted the traditional friendly relations between the DPRK and Cuba to a new and higher stage.

We take great pride in having such amicable people as the Cuban people in the western hemisphere. The friendship and unity between the DPRK and Cuba have become an excellent example of the comradely relations between the people of those nations that are carrying out the revolution.

Further developing friendly and cooperative relations between the DPRK and Cuba not only corresponds to the interest and demands of the people of the two countries, but also works as a great contribution to the common cause of the revolutionary people of the world for the anti-imperialist socialist cause and for independence.

Our people will also advance in the future in firm unity with the fraternal Cuban people by upholding the banner of anti-imperialism and independence without yielding under any storm and trial. We will make all efforts to develop friendship and cooperative relations between the two countries.

Kim Chong-il Sends Telegrams to Officials

*SK3108044495 Pyongyang KCNA in English
0413 GMT 31 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The great leader Comrade Kim Chong-il sent telegrams to general secretary of the National Council of the Communist Party of India Indrajit Gupta, general secretary of the National Democratic Congress of Ghana Huudu Yahaya and national chairman of the National Convention Party of Ghana Roland Atta-Kesson in reply to their solidarity telegrams marking the month of international solidarity with the Korean people.

In the replies, Comrade Kim Chong-il expressed deep thanks for the firm support and solidarity they extended to the Workers' Party of Korea and the Korean people in the just cause of peace and reunification to mark the month.

He expressed the belief that the excellent friendly relations between the Workers' Party of Korea and those parties would constantly strengthen and develop.

Kim Chong-il Sends Thanks to Soldiers

*SK3108044795 Pyongyang KCNA in English
0416 GMT 31 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — The great leader Comrade Kim Chong-il sent thanks to the soldiers of the Cho Myong-chol unit and the Yu Kwan-kil unit of the Korean People's Army [KPA], an employee of the Pak Chong-son unit of the KPA Kim Sang-ho and his wife and soldiers and employees of other KPA units for the examples they had set in preserving revolutionary sites and displaying the trait of army-people unity.

His thanks also went to Kim Sung-cho, a deputy department director of the State Commission of Science and Technology; Kim Song-chol and Kim Kum-chu, doctors of the dental hospital of the Ministry of Public Health; Chon Sung-hyok, a worker of the Associated Marine Transport Bureau of the Ministry of Marine Transport; Kim Myong-ok, a student of Korean University of Physical Education; and other officials, working people, youths and students for their active contribution to the construction of Chongnyu Bridge (second-stage) and Kumnung Tunnel No. 2 in Pyongyang.

Relay Groups To Convey Loyalty to Kim Chong-il

*SK3108045795 Pyongyang KCNA in English
0419 GMT 31 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 31 (KCNA) — Ceremonies for sending off relay groups to convey letters of loyalty to the great leader Comrade Kim Chong-il on the occasion of the 50th anniversary of the foundation of the Workers' Party of Korea took place in revolutionary sites — Mt. Wangjae and Hoeryong — in the northern tip of Korea.

Read out at the ceremonies were letters of loyalty carrying the steadfast will and faith and burning resolution of the Korean people to hold Comrade Kim Chong-il in high esteem to the end of the sun and the moon, true to the behests of the great leader President Kim Il-song.

The relay groups consist of heroes of the republic, labour heroes, unassuming men of meritorious service, labour innovators, officials of education, science, public health, culture and art and sports, youth, students and school children who have remained loyal to the party and the leader in one mind.

People from all walks of life, youth, students and school children warmly greeted and saw off relay groups in towns and villages and ridgeways of remote mountains.

The relay groups will arrive in Pyongyang, the capital city of revolution, before the 50th anniversary of the party foundation [10 October].

Talk Elaborates on Theory of Collectivism

SK3008111295 *Pyongyang Korean Central
Broadcasting Network in Korean*
2240 GMT 28 Aug 95

[Unattributed talk from the "Rays of Chuche" program:
"Chuche-Oriented Explanation of Collectivism"]

[FBIS Translated Text] Collectivism is the ideological basis of socialism. We can say that in essence, socialist ideology is a collectivist ideology and socialist society is a society that is based on collectivism. Accordingly, giving a scientific explanation to collectivism is the most important problem that arises in consummating socialist ideology and in building a socialist society.

By nature, collectivist ideology as a socialist ideology has developed constantly along with the development of socialism. Previous revolutionary theories elucidated that individuals cannot achieve the liberation of human beings, and that instead, only the strength of the collectively united working class can liquidate the exploitation and oppression and achieve genuine freedom and equality.

Previous revolutionary theories clarified that collectivism becomes an important principle of the working class' revolutionary struggle. However, these theories failed to give a complete explanation to collectivism as the ideological basis of socialism.

As the great leader Comrade Kim Il-song created the immortal chuche idea, and based on this, developed and consummated the socialist ideology anew, then the collectivist ideology was able to develop into a newer and higher stage. Finally, the collectivist ideology has been extensively consummated by the great leader [yongdoja] Comrade Kim Chong-il, who has been glorifying the fatherly leader's [suryong] revolutionary ideology as the great guiding ideology of the era of independence through his energetic ideological and theoretical activities.

What is important in the chuche-oriented explanation of collectivism is that it has scientifically elucidated the essence of collectivism as the inherent demand of man, a social being.

The great leader Comrade Kim Chong-il has indicated that collectivism is the inherent demand of man.

Briefly speaking, we can say collectivism is an ideology that treasures the interests of the collective over the interests of the individual. The ideology of treasuring the interests of the collective over the interests of the individual does not mean priority is given to the common interests of the collective while the interests of the individual are completely ignored.

Collectivism not only respects the common interests of the collective, but also treasures the interests of all members of the collective. What the collective oppose is not the interests of the individual themselves but individualism that seeks the interests of the individual only, disregarding the interests of the collective. The inherent nature of collectivism is that under the slogan of "one for all and all for one," people share their destinies, helping and leading each other. Collectivism is not created by someone, but is man's inherent demand.

The great leader Comrade Kim Chong-il has fully elucidated, both scientifically and theoretically, that collectivism constitutes man's inherent demand.

That collectivism constitutes man's inherent demand is because man is a social being who can pioneer his destiny only in a social collective. Man is a social being. Man is a social being who forms a social collective and who lives within social relations. Herein lies man's inherent characteristic. Only when man forms a social collective can he survive and develop. When we speak of the process of man's survival and development, we mean precisely the process in which man's independent stance, creativity, and consciousness are manifested and in which they are constantly enhanced. This independent stance, creativity, and consciousness are the social attributes which are formed and developed while man forms a social collective and which are active.

Man realizes his independent demand through his creative activity to remold nature and society. Man can remold nature and society and can achieve his independent demand only through the collective cooperation of members of society, and not through his individual efforts. This tells us that living, that forming a social collective, is an indispensable way of survival.

For man to live, forming a social collective, it is imperative to realize the independent demands of the collective as well as the individual. This can only be resolved through collectivism.

The independent demands of the collective are precisely the common demands of members of society for the survival and development of the social collective. The independent demands of the individual are the demands that individuals have as equal members of the social collective; these independent demands of the individual are demands that should be guaranteed by the collective because they contribute to the social collective. These demands have nothing to do with the greed of the individual, which serves only the interests of the individual while taking no account of the collective. Thus, they are basically different from the greed of the individual.

Collectivism makes it possible for people to outstandingly achieve both the independent demand of the collective and the independent demand of the individual by correctly combining these two demands. Collectivism leads people to be aware that their individual interests lie in the collective's common interests, and that only when the collective's common interests are achieved can their individual interests be achieved.

At the same time, by leading people to struggle and by helping and leading each other, collectivism makes it possible for individuals to display an incomparably enormous might in remolding nature and society.

The completion of the Sohae Lockgate in only five years, and other past miracles and innovations created by our country that amazed the people of the world, are clear evidence of the might of collectivism which cannot be found in an individual's strength.

In a nutshell, being active and forming a social collective is precisely the people's way of life; the people's independent demands can be outstandingly realized only through collectivism. This is why people take collectivism as the inherent demand of man.

Indeed, the ideology that collectivism is the inherent demand of man is a profound and unique ideological theory that can only be presented by the great leader [yongdoja] Comrade Kim Chong-il who is developing and consummating socialist ideology through his sleeplessness, his restlessness, and his energetic speculation and disquisition, and with his extraordinary ideological and theoretical wisdom and infinite loyalty to the cause of socialism.

The fact that the great leader [yongdoja] Comrade Kim Chong-il has flawlessly elucidated that collectivism is the inherent demand of man is of great, theoretical, and practical significance because the elucidation of this ideology has made it possible for people to have a genuine outlook on life and to struggle for society, for the collective, for the party, and for the revolution, devoting their all. We have provided a theoretical foundation, a mental prop by which people can enjoy the value of life and happiness to their hearts' content, all the while cherishing a collectivist outlook on life, which is a genuine outlook on life.

The ideology that collectivism is the inherent demand of man lies precisely in the foundation of the chuche-oriented outlook on life which states that the most noble, valuable, and rewarding life lies in leading an independent and creative life amid the love and trust of the social collective, devotedly serving the social collective by combining man's destiny with the destiny of the social collective.

With the elucidation of the ideology that collectivism is the inherent demand of man, the inherent superiority of socialism and the ways to fully exalt it have also been clearly elucidated. In addition, with the elucidation of the ideology that collectivism is the inherent demand of man, it has been fully proven that socialism is the most advanced and superior society that accords with the independent nature of man; it has also been fully proven that socialism, which takes root in collectivism, is precisely an invincible society that will go with mankind forever.

In addition, we have provided the noble guiding principle that to build a genuine socialism, a man-centered socialism, it is imperative to constantly strengthen the indoctrination in collectivism among people and thoroughly embody collectivist principles in all sectors of social life.

The great leader Comrade Kim Chong-il's ideological theory that collectivism is the inherent demand of man is a mighty ideological and theoretical weapon that will deal a decisive blow to the sophistries of the imperialists and their mouth-pieces, sophistries designed to distort man's inherent nature and to make people ideologically and mentally ill.

This ideology has completely revealed the unscientific nature, false nature, and deceitfulness of the sophistries that distort the truth, calling individualism the inherent demand of man and praising the so-called eternal nature of capitalist society where the law of the jungle is rampant. The antipopular nature of capitalism has been laid bare to the world.

Indeed, the great leader [yongdoja] Comrade Kim Chong-il's new explanation of collectivism makes a particular contribution to developing socialist ideology and is an immortal militant banner that has made it possible to constantly develop the overall socialist movement on a new scientific foundation.

Youth Vanguard Pledge Loyalty to Kim Chong-il

*SK3008135295 Pyongyang Korean Central
Broadcasting Network in Korean
0806 GMT 28 Aug 95*

[Report given by Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, at the youth vanguards' resolution meeting of loyalty held at Kim Il-song Plaza on 28 August — live]

[FBIS Translated Text] Comrades, today we are at an eventful moment when all people and youth across the country are firmly united in one heart and one will around the great leader [yongdoja] Comrade Kim

Chong-il to vigorously accelerate the grandeur march to embellish the 50th founding anniversary of the glorious Workers Party of Korea as the grand festival of the victors. On the occasion of the fourth anniversary of Youth Day, we are here to hold the youth vanguards' resolution meeting of loyalty to follow the great leader's [suryong] will and to better uphold the respected and beloved General Kim Chong-il.

As we have done every year, the new generation commemorates Youth Day with great emotion and joy. This year, Youth Day is a political festival to demonstrate the iron faith and will of Korean youths to inherit and complete to the end the chuche socialist cause, upholding the great leader's [suryong] will and following the leadership of the respected and beloved General Kim Chong-il; it is also a felicitous day of revolution to sing the boundless honor and happiness of our youth who are growing strong in the bosom of the party as reliable inheritors of the revolution.

There are many countries in the world, and many youth in every country, but no youth of any age or in any country have had their own festive day and live and struggle amid the great love and trust of the times and the people like the youth of our country. Due to the imperialists' vicious and atrocious maneuvers to spread their rotten bourgeois culture and life-style and to raise the new generation deformed in spirit, the youth of many countries in the world are lost in a corrupt, unethical, and immoral cesspool; the youth issue has become a synonym for all social evils and our greatest headache. Only our youth have the great honor and pride of being the valuable flowers of the fatherland and the nation, the reliable inheritors of the revolution. They are the pride of the times, being praised and loved by society and people. The great honor and pride of our youth is entirely a proud fruition of the wise leadership of the fatherly leader and the respected and beloved general, who have great ideas about valuing youth. [applause]

As their honor and happiness grows, our youth become more solemn in recalling the immortal efforts and achievements of the great leader [suryong], who spent his entire life for the next generation. The great leader started the youth movement in his glorious revolutionary activities that will be brilliantly engraved in mankind's history of the 20th century. He opened the era of the Korean communist youth movement and wisely led our country's youth movement along the single road of victory during every step and stage of the revolution.

The fatherly leader presented another unique idea that the indoctrination for youth is the basis for pioneering the country's destiny and for achieving eventual victory. During his entire life, he exerted every effort to

bring up our youth as unbendable fighters, heroes, and revolutionaries of the new generation who will rigorously grasp the relay baton of the revolution. The great leader's fostering of strong youths as the reliable inheritors of the revolution is the greatest of his achievements for the times and for the revolution. [applause]

The fatherly leader commended the youth of our time for their communist deeds that shook the entire world, giving them the highest appraisal and trust, saying he wanted to seat our youth on gold cushions. Today, our youth have become the happiest and most honored generation blessed with leaders [suryong] for generation after generation, upholding the respected and beloved General Kim Chong-il whose ideology, leadership, and traits are exactly the fatherly leader's and who loves and trusts our youth the most.

The respected and beloved General Kim Chong-il, whom people all over the world praise as the brilliant sun of the era of independence, is the great leader [yongdoja] of our party and people who adds luster to modern history with his extraordinary wisdom, outstanding leadership, profound ideologies and theories, and unique revolutionary practices; he is our people's benevolent father who brilliantly embroidered the entire passage of revolutionary activities with a boundlessly ardent love for the people. [applause]

Because we have upheld the respected and beloved General Kim Chong-il, the master of ideology and theory and the genius of creation and construction, the chuche idea founded by the great leader [suryong] has beamed its eternal rays as the guiding ideology of the era of independence and with all-embracing politics implemented by the general based on love and trust, our Republic has proudly become not only the most superior popular mass-centered utopia of socialism, where the unity of the leader [suryong], the party, and the masses has been achieved, but also a beacon of hope for all the progressive people of the world.

Because the respected and beloved General Kim Chong-il is on the supreme post of the party and the revolution, our people have been able to turn the nation's greatest sorrow and misfortune of suddenly losing the great leader Comrade Kim Il-song into new strength and courage. At the same time, our people have been able not only to uphold forever the fatherly leader [suryong] as the eternal sun of the revolution and as the father of the nation, but also to glorify eternally the leader's revolutionary achievements by outstandingly building the Kumsusan Memorial Palace as the highest sacred site of chuche.

The respected and beloved General Kim Chong-il, who has matchless courage and iron-like will, has sternly

smashed at every phase the enemies' maneuvers to isolate and crush our revolution with his extraordinary wisdom and outstanding leadership ability. Thus, he has led us to demonstrate the dignity as the Kim Il-song nation and the honor of *chuche* Korea to the world.

When he published various immortal works, including the classical works "Socialism Is a Science" and "Giving Priority to Ideological Work Is an Indispensable Demand for the Accomplishment of the Cause of Socialism" and, thus, unfolded the banner of victory on the road ahead for our people and the progressive people of the world, we could not repress our hearts seething with the honor and happiness of upholding General Kim Chong-il, the master of ideology and theory, experienced statesman, and the greatest man, as the leader [suryong].

Marking the fourth anniversary of this auspicious Youth Day, what is whirling in our hearts is the iron-clad faith that the respected general is the very great leader [suryongnim], and that as long as there is the general, we will win victories without fail. This day is in gratitude to the general, who loves our youth and puts them at the forefront, and who is leading the youth movement along the single road of victory and glory.

The respected and beloved General Kim Chong-il, who has declared that it is his only desire to properly foster and lead the new young generations and, thus, to inherit and consummate to the end the revolutionary cause of *chuche* pioneered by the leader [suryong] generation after generation, has always paid deep attention to the work on youths and children and, thus, has wisely led the Korean youth movement to be strengthened and developed into a movement of loyalty in brilliantly realizing the great leader's [suryong] ideology and leadership.

Defining the question of youths as an important problem which determines the destiny of the country and the nation, the respected and beloved general has constantly deepened and developed the *chuche*-oriented ideology and theory of youth movement and firmly fostered the Socialist Working Youth League [SWYL] into the force of youth vanguard of loyalty which share their destiny with the party and into the force of bullet and shell which resolutely defends the party at the forefront.

Greeting this year after sending out the year 1994 in tears, the respected and beloved General Kim Chong-il bestowed upon the SWYL the great trust of letting it publish its organ's editorial in the form of a joint editorial with the party organ and the Army organ, saying that the SWYL is the [words indistinct] of the party and the Army and presented the honorable task

for the SWYL to firmly foster eight million youths and children into bullets and bombs.

When the respected and beloved general gives us one thing, he wants to give us ten and 100 more. Recently, he gave the SWYL the honorable title of reserve combat forces of the Supreme Commander. He said we have to work hard to let the best youth in the world maintain and blossom their romance. He taught us the direction and method of the current SWYL work and solved all relevant questions one by one. The respected and beloved General Kim Chong-il is indeed a Mt. Paektu-style great man. Our youth should entrust their destiny and future to him, the eternal sun of our life, the benevolent father, and the Supreme Commander of the Korean youth movement, and should uphold him until the sun and the moon vanish. [applause]

On this significant occasion of ardent loyalty, I present the warmest gratitude and supreme glory, with the boundless respect and burning loyalty of all SWYL functionaries in the country and the eight million youth, to the respected and beloved Supreme Commander General Kim Chong-il, who has given our new generation today's honor and happiness, who blossomed a hopeful future, and who led every step of the socialist youth movement along the single road of victory. [applause]

Comrades, today our youth have the honorable duty to engrave deep in their hearts the fatherly leader's cordial will, which for us was to better uphold the respected and beloved General Kim Chong-il, who is our destiny and future and the sun of life, and to inherit and complete the *chuche* revolutionary cause to the end. The great leader Comrade Kim Il-song taught: As did the first generation of our revolution, who pioneered the glorious road of the Korean revolution while firmly uniting around the leader [yongdoja] in their struggle, the youth should earnestly unite in single heart around Comrade Kim Chong-il and loyally uphold the party's leadership. To unite in a single heart around the respected and beloved General Kim Chong-il, and to loyally uphold the general's leadership, is the will of wills the great leader [suryong] left to our youth. His will is the destiny and life of us all.

The great leader, who devoted his entire life to the new generation, till the last moment of his life only wanted the youth to loyally uphold the respected and beloved General Kim Chong-il, to single-heartedly unite around the general, and to brilliantly inherit and complete the *chuche* revolutionary cause pioneered in Paektu for generation after generation. To uphold the respected and beloved general at the highest position of the party and the revolution, and to follow him to the end of the land and sky according to the fatherly leader's will, is

the mission and duty of our new generation who have enjoyed all sorts of happiness and who have grown up in the bosom of the general, as well as their utmost task of the times and history.

Without the leadership of the respected and beloved general, our youth have no happiness nor future; the victory of the revolution is inconceivable. Better upholding the respected and beloved General Kim Chong-il—who is a great man among great men, who is the world's most sagacious general, and who will lead the 21st century—is the road to revolution and victory as well as the road to implement the fatherly leader's will. All youth should regard the fatherly leader's cordial will as the motto of their life and should uphold the respected and beloved General Kim Chong-il as the great leader [suryong] of our party and revolution and loyally uphold the general's leadership. [applause]

To uphold the respected and beloved General Kim Chong-il with loyalty, all youth and students must actively learn and follow the living example of loyalty given by the first and second generations of our revolution, and must firmly prepare themselves as the thoroughgoing lifeguards of the general in the 1990's.

LSWYK members and youth must adhere to the end to the pledge they made before the bier of the fatherly leader and to the pledge of conviction they made at the Eighth LSWYK Congress, just as the young communists stuck to the pledge they made on the road of revolution, pledges they must follow through rain or snow so they can become an eternal satellite of the bright Paektu star that upholds the respected and beloved General Kim Chong-il with wholehearted loyalty and filial dutifulness.

We must hold further aloft the slogan of loyalty "Let us learn from and follow the great leader [yongdoja] Comrade Kim Chong-il," and must conduct a movement to continuously and vigorously learn from and follow the respected and beloved general, thereby deeply learning about the general's greatness in order that we may cherish an absolute reverence for the general and become true loyalists and dutiful children who believe in and follow only the general and who share their destiny with the general, even if the heavens collapse and the earth falls apart.

It is the proud trait of Korean youth to be resolute in ideology, pure in morality, and simple in life. Upholding the teaching of the respected and beloved general on giving priority to ideological and indoctrination work, we must firmly erect the mosquito net of *chuche* to prevent the imperialist's ideological toxin and rotten bourgeois life-style from infiltrating to us, and must wage an uncompromising struggle against even the

slightest expression of this toxin so that the youth may become an ideologically-pure body filled with the *chuche* idea and throbbing with faith in socialism, thorough worshipers of Kim Chong-il and an iron-strong rank that takes after the noble trait of the respected and beloved general.

It is the greatest honor and most sacred duty of LSWYK functionaries, as well as youth and students, to uphold the respected and beloved General Kim Chong-il—our destiny, future, and the eternal sun of life—with all their hearts, and to defend him at the cost of their lives. [applause] All youth and juveniles must unite wholeheartedly around the respected and beloved general, and must become eight million rifles and bullets and 16 million hand- grenades to protect and defend the general ahead of all others, doing so in a death-defying manner in order to display their honor of being a mighty reserve combat unit for the comrade supreme commander.

Organizational life is a political life that adds luster to the political life given by the respected and beloved general, and an excellent school where all youth cultivate and train themselves in a revolutionary manner. All youth and students must uphold the lifetime will of the great leader who said "one LSWYK member who is trained in an organizational life can defeat a hundred or a thousand enemies." They must thoroughly establish the revolutionary ethos of organizational life so they can firmly prepare themselves to be *chuche*-type revolutionaries, the true sons and daughters of the respected and beloved general, who possess organization, discipline, diligence, and simplicity through an organizational and political life.

It was the noble will of the great leader in his lifetime to accelerate socialist economic construction and drastically improve the people's standard of living, and it is the political philosophy and firm will of the respected and beloved general to make our country, our fatherland, richer and stronger as the fatherly leader intended and desired. All youth should display the spirit of the Korean youth—who plunge into water or fire without hesitation if the party and leader order them to do so and who solve ahead of others problems to which the party attaches importance—so that they can excellently play the role of vanguards and shockbrigade in implementing the new revolutionary economic strategy put forth by the party with a redoubled courage and in high spirits.

Whatever trials and difficulties they may come up against, the youth should beat the drum of the revolution and make continuous advances in order to actively contribute to making our socialist country, the *chuche*

fatherland where the Kim Il-song nation lives, richer and stronger and to improving the people's standard of living.

For the present, we should unconditionally complete the construction of major projects—such as the monument to the founding of the party, Chongnyu Bridge, No. 2 Kumnyung Tunnel, and electrification of the railway between Haeryong and Haksong—before the day marking the 50th anniversary of the founding of the party. As a result, we should further glorify the grand festival venue of victory with laborious achievements by youth, making a report of the victory, a report of the glory, to the respected and beloved general. [applause]

It is the sacred obligation for young scientists and technicians, students, and youth to resolutely safeguard the respected and beloved General Kim Chong-il with science and technology. Young scientists and technicians, youth, and students should make efforts to upgrade the country's science and technology to global levels as soon as possible, cherishing deep in their hearts the heavy mission and a sense of responsibility assigned to them. In addition, by displaying the burning spirit of enthusiasm and the invincible spirit of research, they should surely acquire an updated knowledge of science and technology and should greatly achieve outstanding scientific and technological successes that can truly contribute to building socialism. Because of his great trust and benevolent consideration, they should reward the general, who is winning victory, with loyalty.

Youth, who are very vigorous and brave, are the basic force for safeguarding the fatherland. Safeguarding the party and the socialist fatherland with rifles is the true duty that youth should uphold. The imperialists and international reactionaries more brutally engage in military threats and blackmail, refusing to discard the foolish daydream to stifle our Republic, which is vigorously advancing under the banner of socialism.

In the fierce confrontation of ideology and power, it is the great and honorable mission of our vigorous youth to keep and glorify, at the risk of their lives, the socialist fatherland where our people enjoy their happy life. All youth should actively serve in the units of the Kim Chong-il army. If the imperialist aggressors recklessly attack us, we should fight them in a good manner, with the dignity of the Kim Il-song nation and the honor of chuche Korea, cherishing an iron-like determination to defeat them.

Youth should strongly prepare themselves to become vigorous fighters of a one-is-a-match-for-one-hundred or one-is-a-match-for-one-thousand type by actively participating in military exercises, thus more highly displaying the traditional virtue of Army-people unity.

If the supreme commander comrade gives an order, they should vigorously rise to eliminate all aggressors at a stroke and to achieve national reunification. By so doing, they should fully prove the merit of the Korean youth who grew up under the righteousness of Mt. Paektu and the spirit of the Chong-il peak.

All LSWYK functionaries should thoroughly establish the monolithic leadership system of the general within the LSWYK, regarding the respected and beloved General Kim Chong-il's leadership as their life. By displaying the ambitious spirit and temperament befitting youth functionaries, they should activate LSWYK works. As a result, they should make the LSWYK a youth vanguard organization with the power of unity, organization, and combat, all of which is more powerful than nuclear weapons.

The revolutionary faith and will of our youth vanguard, who uphold the respected and beloved General Kim Chong-il, will remain firm during any situation in which the world changes infinitely and no matter how severe the storm may be. No force in the world can block the road along which the indomitable gun and bomb-like ranks of our youth vanguard vigorously advance by highly upholding the red flag of the revolution and by following the leadership of the general with the might of single-hearted unity.

Cherishing deep in their hearts the sincere behest of the fatherly leader, everyone should only trust in and follow the respected and beloved general, not deviating at all during happy or harsh days. They should resolutely safeguard the general and, by highly displaying the spirit of rifles and bombs in implementing the orders given by the general, should more properly uphold the ideology and leadership of the respected and beloved Comrade Kim Chong-il, the great leader [yongdoja] of our party and people and the supreme commander of the youth movement. [applause]

Computerized Flood-Control System Examined

*SK3008151095 Pyongyang KCNA in English
1506 GMT 30 Aug 95*

[FBIS Transcribed Text] Pyongyang, August 30 (KCNA) — The River Taedong flood-control system has been computerized some time ago in Korea.

It makes it possible to control flood in the river in time and prevent cities, industrial quarters and farmlands long the river from flood damage.

There are five barrages including the West Sea [Yellow Sea] barrage on the 400 km-long river flowing into the Korean West Sea.

The barrages are managed and operated on the instructions of the Taedonggang Barrage Management Bureau under the Ministry of Marine Transport.

With the computerization of the control system, computers in hydrometeorological research rooms and the Taedonggang Barrage Management Bureau form a network, which makes a rapid and correct analysis and brings together the data transmitted by meteorological observations along the riverside and informs the barrages of the results and follow-up measures. Some days ago, unprecedented heavy rains hit all areas along the River Taedong but caused no flood there thanks to the computerization of the flood-control system.

Over August 1-9 alone, above 800 mm rain was recorded in Mangsan and Tokchon areas in the upper reaches of the river.

The downpour made the river so rapidly swelled that it could reach 10 more metres higher than the standard later-level unless it was controlled in time.

Several billions of tons of water flowed into the sea through the West Sea barrage during the period, with the help of the computerized control system.

The computerization was carried out by scientists and technicians of the Ministry of Marine Transport, the Hydraulic Engineering Institute of the National Academy of Sciences and the Hydrometeorological Institute of the Hydrometeorological Bureau.

South Korea

North Reportedly Asks U.S. Groups for Aid

SK3108111095 Seoul YONHAP in English
1055 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — North Korea, reported to have been stricken by disastrous floods in the recent past, has asked U.S. non-government organizations to provide emergency flood assistance, it was learned here Thursday.

An informed source said Pyongyang made the request in a message to the head of the International Business Management Consultants, Ltd. in Illinois.

The letter, dated Aug. 25, was signed by First Secretary Hyon Hak-pong of the North Korean permanent mission to the United Nations in New York.

The company specializes in furnishing advices to American industries doing or trying to do business with North Korea.

In the message, Hyon said that for ten days beginning July 26, heavy rains of upward 583 mm a day hit his country, leaving about 500,000 people homeless.

He asked the consultants firm to see to it that "humanitarian organizations" in the United States provide North Korea with medicines, foods and other daily needs.

The letter said that the recent floods were even worse than the one suffered in 1967, that the hydro-power dam across the Yalu River separating China and North Korea overflowed, and that farmlands, residential areas, reservoirs and public facilities were inundated, washed away or otherwise destroyed in 12 major cities and Provinces.

Saying that there were no fatal flood victims owing to timely rescue work, the North Korean official said 1,500 people were rescued during their being swept away in swollen rivers or streams and 3,000 isolated people were evacuated to safety by helicopters alone.

The American firm asked in writing the U.S. Red Cross, CARE (Cooperative for American Relief to Everywhere), the World Vision and the like to try to send relief goods to North Korea.

The firm suggested that assistance for North Korea this time would be a good occasion to make North Korea join the international community.

KEDO Planning Team Leader Interviewed

SK3008142195 Seoul MAEIL KYONGJE SINMUN
in Korean 30 Aug 95 p 42

[Interview with Choe Tong-chin, leader of the light-water reactor project planning team, by unidentified MAEIL KYONGJE SINMUN correspondent; place and date not given]

[FBIS Translated Text] Choe Tong-chin, leader of the light-water reactor [LWR] project planning team, is assuming command of the project to build a cooperative system between the ROK, U.S., and Japanese Governments as well as between the government and pertinent business groups in order to successfully implement the project to supply light-water reactors to North Korea. MAEIL KYONGJE SINMUN interviewed Choe Tong-chin, who is also a member of the Korean Peninsula Energy Development Organization [KEDO] Executive Council, on the prospects of the LWR project.

[MAEIL KYONGJE SINMUN] KEDO was planning to supply ROK-style LWRs to North Korea and have the ROK play a central role. How is this proceeding?

[Choe Tong-chin] A primary contractor for the LWR project has been designated by KEDO, which was organized to supply "ROK-style reactors" to North Korea. The ROK, the United States, and Japan, all of whom are member nations of the KEDO Executive

Council, have agreed that the ROK will play a central role in the project.

[MAEIL KYONGJE SINMUN] Can you tell us about the schedule for executing the LWR project?

[Choe Tong-chin] According to the original plan, North Korea is supposed to be supplied with two 1,000-megawatt LWRs by 2003. However, the project has struck a snag because of the delay in signing a treaty on supplying the reactors. Our technicians feel the first LWR will be completed six or seven years after construction begins, and the second LWR will be completed one or two years following completion of the first.

[MAEIL KYONGJE SINMUN] What is the ROK's financial burden in this project? How will the government raise the funds?

[Choe] The ROK will share a financial burden commensurate with its central role. Japan will also play a meaningful role. However, no concrete decision has been made yet on the sharing of expenses and on the methods to raise funds.

[MAEIL KYONGJE SINMUN] In what fields will our businesses participate? How will they participate in the project?

[Choe] The Korea Electric Power Corporation, a primary contractor for the project, will subcontract with Korea Heavy Industries, the Korea Atomic Energy Research Institute, and major construction companies based on its experience in the domestic reactor business. In particular, the Korea Atomic Energy Research Institute will design the reactors, an essential part of the reactor construction, using its own technology; Korea Heavy Industries will be in charge of manufacturing the reactors.

In addition, ROK companies will participate in manufacturing and constructing many components and facilities. Foreign companies will also participate via contracts or subcontracts. However, the details of their participation has not been decided yet.

[MAEIL KYONGJE SINMUN] What influence would the successful implementation of this project exert upon economic cooperation and relations between South and North Korea?

[Choe] As the LWR project is a practical business venture that requires full-fledged cooperation, if the project is successfully implemented, then momentum will be provided for improving inter-Korean relations. When the reactor construction enters its final stage, a basis for inter-Korean cooperation not only in the field

of reactor technology but in many other fields will be laid.

UN Solicits Flood Relief for North

SK3108003695 Seoul YONHAP in English
0014 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — A United Nations emergency relief organization recently circulated a memo to its member countries recommending that they make contributions to a relief aid program for flood-stricken North Korea, according to the dispatch received by the Foreign Ministry Wednesday.

The memo read that "The Department of Humanitarian Affairs (DHA) is prepared to serve as a channel for cash contributions to be used during an immediate relief phase."

It also said that "funds are spent in coordination with relevant organizations of the UN system and DHA will provide donor governments with written confirmation of utilization of funds contributed."

According to the information released to the press by the Foreign Ministry, North Korea needs food, medicine and assistance to rehabilitate dwellings, schools, hospitals, roads, railways, telecommunications facilities, factories and other public buildings.

The North Korean Government was quoted by the memo as reporting that about 5.2 million people were affected from 145 counties in 12 provinces by the heavy rainfall. An average of 583 mm of rain fell continuously from July 26 to August 9 and in some regions 600 mm in just one or two hours caused considerable damage.

From July 26 to August 18, torrential rains caused floods mainly in North Pyongan, South Pyongan and Kangwon Provinces, the memo added.

Dwellings, agricultural goods, livestock and the sectors of education, public health, transport, telecommunications, factories and other fields were all affected by the flooding, the dispatch noted. "No lives were lost following the evacuation of the affected (areas) by the army."

The North put the initial damage estimate at about 15 billion U.S. dollars, according to the memo.

'No Plans To Provide' Flood Relief Aid

SK3108054795 Seoul HANGUK ILBO in Korean
31 Aug 95 p 2

[FBIS Translated Text] Kim Chong-ho, chairman of the Policy Committee of the Democratic Liberal Party, stated that National Unification Minister Na Ung-pae

announced on 30 August that "the government has no plans to provide relief aid to North Korea for flood damages."

Chairman Kim stated: "Asked by lawmakers of the policy committee about the government's plans for aid to the flood victims in North Korea, Unification Minister Na said that the government has no plans to do so."

Kim Kyong-ung, spokesman for the National Unification Board, also stated on the same day that "the government is not considering providing aid to North Korea for its flood damage," and that "now is not the time to review it."

Treaty Officials To Meet PRC Counterparts

SK3108033195 Seoul YONHAP in English
0259 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — South Korea and China will hold a meeting of their treaty bureau chiefs on Sept. 5, where the officials will discuss ways to enhance bilateral cooperation in the field of criminal proceedings, a Foreign Ministry spokesman said Thursday.

Among other issues to be discussed in Seoul between Treaty Bureau Director-General O Yun-kyong and his Chinese counterpart Chen Shiqui are the establishment of an international criminal court and ways to seek cooperation in activities in the United Nations Convention on the Law of the Sea.

Third Partner Sought for Joint Airplane Project

SK3008020895 Seoul THE KOREA HERALD
in English 30 Aug 95 p 8

[FBIS Transcribed Text] Top executives of the world's major aircraft producers will visit Seoul this week for consultations in the South Korea-China joint mid-size airplane development project.

The main purpose of their visit to Seoul is to attend a series of executives' meetings that the Korea Commercial Aircraft Development (KCAD) and the Aviation Industry of China (AVIC) will arrange here during the Aug. 31-Sept. 4 period to select one among hopeful foreign aircraft manufacturers as a third business partner for the project, officials at the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

Under the joint mid-size airplane development schedule, the KCAD, led by Samsung Aerospace Industries Ltd., and the AVIC are to single out their third business partner among the three main contenders — Boeing of the United States, a consortium comprising Aerospatiale of France and DASA of Germany, and McDonnell

Douglas of the United States — before the end of next month.

Among the executives to fly to Seoul this time are Claude Terrazzoni, president, and Jean-Paul Perrais, senior vice president, of Aerospatiale; Frank Shrontz, chairman of board, Ron Woodard, president, and Richard James, vice president, of Boeing; and Manfred Bischoff, chairman of board, and G. Humbert, chairman of management board, of DASA, MOTIE officials said.

Meanwhile, Wang Ang, vice president of the AVIC, will fly to Seoul tomorrow to participate in the executives' meetings, leading a 12-member Chinese delegation.

Yi Tae-won, president of Samsung Aerospace Industries Ltd., and senior executives of Korean Air and Daewoo Group will represent the Korean delegation at the executives' meetings in Seoul.

Representatives from the world's major aircraft producers will propose terms and conditions concerning the technology transfer, the marketing strategy and the training program for employees that they could provide, whereas the KCAD and the AVIC will choose one among them after scrutinizing their proposals.

The third business partner, if selected, will be allowed to own a 20 percent equity of the joint development project in return for providing advanced technology and other support to promote the sales of planes and acquire an international certificate for the new mid-size plane, MOTIE officials said.

South Korea and China are moving to jointly produce and sell a total of 412 mid-size airplanes during the 14-year period from 2000 through 2013, representing 20.4 percent of the anticipated world demand standing at some 2,023 planes.

Extradition Treaty With Argentina Announced

SK2908062695 Seoul YONHAP in English
0548 GMT 29 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 29 (YONHAP) — South Korea Wednesday will sign an extradition agreement with Argentina, bringing to six the number of countries with which the country has signed extradition pacts, according to a Foreign Ministry spokesman Tuesday.

Foreign Minister Kong No-myong, currently on a tour of five South American nations, will sign the "treaty on extradition between the Republic of Korea and the Argentine Republic" with his Argentinean counterpart Guido Di Tella in Buenos Aires, the South American country's capital.

The treaty calls for the extradition of those who commit crimes punishable by at least one-year prison term while allowing each country to refuse extradition of those who are likely to be subjected to persecution for reasons of race, religion, national origin or politics.

Foreign Minister Meets Argentina's Menem

SK3108032995 Seoul YONHAP in English
0257 GMT 31 Aug 95

[FBIS Transcribed Text] Buenos Aires, Aug. 30 (YONHAP) — Argentine President Carlos Saul Menem on Wednesday invited South Korean President Kim Yong-sam to visit Argentina next year to enhance bilateral cooperative relations.

The invitation was extended to South Korean Foreign Minister Kong No-myong who made a courtesy call on Menem during his current tour of five South American states.

Noting that he will make a state visit to South Korea in late September for the first summit meeting between the presidents of South Korea and Argentina, Menem said, "I personally have great expectations for the summit meeting with President Kim in that we are political allies who struggled to achieve democracy in Asia and South America."

In a meeting with Argentine Foreign Minister Guido Di Tella, Kong asked for the Argentine Government to take part in the international consortium to provide two light-water nuclear reactors to North Korea.

Tella meanwhile expressed his government's full support for South Korea's bid to join the United Nations Security Council (UNSC) and Seoul's position on the reunification of the Korean peninsula and the North Korea nuclear issue.

The two sides also agreed to hold a joint committee meeting with officials from both countries when Menem visits South Korea.

They also agreed to hold a meeting by the end of this year for the signing of an aviation agreement which will open the way for the two countries to launch direct air routes.

In addition, Kong and Tella agreed to consider signing a nuclear agreement between the two countries as soon as possible.

The Argentine Government had requested that South Korea join the Argentine Government's projects to build experimental nuclear reactors and facilities to treat nuclear wastes.

The two also shared the view that they should actively pursue the white helmet initiative project which seeks to eradicate malnutrition from the planet.

Kong took issue with the Argentine Government's restriction of fishing by Korean ships in international waters near Argentina and the delayed issuance of visas for Korean fishermen.

Tella responded that his government will have to continue to restrict fishing by foreign vessels in waters near Argentina to protect marine resources but promised to improve the visa issuance process for Korean fishermen.

Kong also requested that Argentina support South Korea's efforts to host the 2002 World Cup.

Kong and Tella signed an extradition agreement at the end of their meeting.

Kong is scheduled to leave Argentina Friday for Brazil where he will sign extradition and investment guarantee agreements.

Brazil will be his last stop on this tour of five South American states.

Investment Protection Treaty Signed With Sweden

SK3108060295 Seoul YONHAP in English
0448 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — South Korea and Sweden Thursday signed an agreement on the promotion and reciprocal protection of investments, a Foreign Ministry spokesman said.

The agreement was signed between South Korea's Ambassador to Sweden Chae Ui-sok and Lars Magnuson, Sweden's deputy foreign minister in charge of legal consular affairs.

The agreement guarantees businessmen operating in the other country de-facto national treatment in efforts to promote trade and investment between the two countries.

Vice Foreign Minister Meets UK's Jeremy Hanley

SK3108022495 Seoul YONHAP in English
0200 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — Vice Foreign Minister Yi Si-yong Thursday met with Jeremy Hanley, Britain's minister of state for Foreign and Commonwealth Affairs, on regional security issues including the establishment of a peace regime on the Korean peninsula and the improvement in inter-Korean relations, a Foreign Ministry spokesman said.

Hanley, a lawmaker from Britain's Conservative Party, arrived in Seoul Monday to attend a meeting of the International Democratic Union (IDU), a worldwide forum of conservative parties which will end its session here on Saturday.

Philippines Receives Patrol Ships, Fighters

SK3108012295 Seoul THE KOREA HERALD
in English 31 Aug 95 p 3

[FBIS Transcribed Text] South Korea has transferred five patrol ships and three fighters to the Philippines in what seemed to be an act of military aid.

A Defense Ministry spokesman said yesterday that five 143-ton Navy patrol ships, 150,000 rounds of 20mm naval artillery shells and three F-5A Air Force fighters were transferred to the Philippines in early and late this month.

The transfer was based on an earlier request from Manila, said the spokesman.

Seoul has decided to accept the request in its hope to strengthen bilateral military cooperative ties between the two countries, the spokesman said.

In July, a five-member Filipino naval delegation came to South Korea to take over the medium-sized patrol ships and the ammunition. The three fighters have been shipped to Manila.

Thai Vice Defense Minister Arrives for Visit

SK3108011695 Seoul THE KOREA HERALD
in English 31 Aug 95 p 3

[FBIS Transcribed Text] Thai Vice Defense Minister Gen. Prasert Sararith arrives in Seoul Saturday for a four-day visit, the Defense Ministry said yesterday.

During his visit here, Gen. Prasert will meet with Vice Defense Minister Yi Chung-nin and South Korea military leaders for talks on ways to further strengthen the two countries' military friendly relationship, a ministry spokesman said.

Prasert graduated from the Korean Army College in 1973 and served as military attache in the Thai Embassy in Seoul 1979-1981.

Kim Yong-sam Sends Cable to Georgian President

SK3008134095 Seoul YONHAP in English
1144 GMT 30 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — President Kim Yong-sam on Wednesday afternoon sent a consolatory message to Georgia President Eduard Shevardnadze on the injury he suffered in a terrorist ex-

plosion in Tbilisi Tuesday [29 August]. In the message, President Kim wished him an early recovery.

Prime Minister Meets Fijian Counterpart

SK3008121295 Seoul YONHAP in English
1051 GMT 30 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — Prime minister Yi Hong-ku had a meeting with visiting Fijian Prime Minister Sitiveni Rabuka Wednesday afternoon to exchange opinions on world situations and discuss ways to further promote cooperative friendly relations between the two countries.

Prime Ministers Yi and Rabuka shared the view that with the opening of regular flights to Fiji by a Korean Airline in October this year, personnel and material exchanges would sharply expand between South Korea and Fiji.

The Fijian premier, in particular, said his country would closely cooperate with South Korea at the United Nations and other international arenas.

He reaffirmed his country's support for the South Korean bid for non-permanent membership of the UN Security Council.

Meanwhile, acting Foreign Minister Yi Si-yong separately met Fijian Foreign Minister Filipe Nagera Bole Wednesday to discuss matters of common interest.

Minister Bole asked for South Korea's greater interest in investment in and trade with his South Pacific country.

The two foreign ministers also agreed all nuclear countries should stop making nuclear tests and strive to materialize nuclear disarmament.

President Urges New Personnel Management System

SK3008054395 Seoul YONHAP in English
0241 GMT 30 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — President Kim Yong-sam said on Wednesday that the government should establish a new personnel management system in line with the "globalization" era as soon as possible.

Presiding over meeting to discuss ways for further promoting country's globalization, the head of state emphasized the need for the system, saying, "The roles of the government as well as of government officials are changing in the new era."

After he was briefed on "ways to globalize the appointment and education systems of senior public officials," the president instructed the related ministries like the

Government Administration, Foreign Affairs and Education Ministries to prepare for the establishment of detailed measures for a new personnel management system.

"We should establish a system to secure men of ability in the government and exchange them among with both the academic world and private enterprises," he said.

Stressing that public relations with the rest of the world are very important, Kim urged, "In the globalization era, it is also very important for this country to improve its image in the rest of the world. The government as well as private citizens should inform the globe of our efforts to globalize."

NCNP To Confront Prosecution's Investigation

SK3108061795 Seoul YONHAP in English
0512 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — The National Congress for New Politics (NCNP), the major opposition party being created by Kim Tae-chung, plans to confront the authorities when the current investigations into an alleged bribery case involving its member lawmaker Choe Nak-to and into contributions to the Asia-Pacific Peace Foundation are found to be false charges designed only to suppress the party.

NCNP spokesman Pak Chi-won called upon the government Thursday "to immediately put an end to machinations aimed at hampering our political party," and warned, "grave consequences would ensue should the prosecution's investigation be combined with schemes to suppress the opposition and hamper our party, and the forthcoming parliamentary session will not go smoothly, either."

The prosecution summoned Rep. Choe Thursday for questioning in regards to charges he allegedly accepted tens of millions of won from a local businessman in return for arranging bank loans of two billion won in September last year.

Refuting the prosecution's claim that Choe's investigation had been delayed in light of the local elections, Pak maintained that Rep. Choe being summoned for questioning now, when more than two months have passed since the polls, is just an attempt to hurt the NCNP.

"This runs counter to the principle of equilibrium when compared with the fact that the authorities let former Rep. Yi Won-cho and former Finance Minister Yi Yong-man, both of whom accepted enormous commissions in return for arranging bank loans and fled overseas, and they weren't even investigated after they returned home," he charged.

The fact that the prosecution has been leaking investigative secrets belies an intent to wage an anti-corruption drive against a specific organization and constitutes an abuse of the prosecution's prerogative, the NCNP criticized.

Referring to the prosecution's investigation of contributions made to the Asia-Pacific Peace Foundation, which it claims are devoid of any illegality, the NCNP said, "This tells to what extent the regime's morality has been degraded."

The Asia-Pacific Peace Foundation was scheduled to hold a press conference Thursday with regard to the contribution issue.

The NCNP is considering to file a libel suit against the Seoul City councilman Paek Ui-chong, who has reportedly told the prosecution that several people made contributions to the Asia-Pacific Peace Foundation in exchange for getting elected to the Seoul City Board of Education, Pak said.

Prosecution Probes Contributions to Foundation

SK3108064495 Seoul YONHAP in English
0526 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — The Seoul Prosecution decided Thursday to summon and question those Seoul Board of Education members who allegedly made contributions to the Asia-Pacific Peace Foundation, an organization led by opposition leader Kim Tae-chung, in exchange for its help to get them elected.

The prosecution's decision became known a day after Paek Ui-chong, a Seoul City Council member, argued that some candidates running for seats on Seoul's Board of Education made contributions to the peace foundation in exchange for its help getting them elected.

Seoul's 25 ward councils recommend two candidates each for the Board of Education and the Seoul City Council elects 25 of the 50 candidates to the Board of Education.

The National Congress for New Politics (NCNP), also led by Kim Tae-chung, said that the prosecution's investigation is designed to tarnish the reputation of the new party, which will soon hold its inaugural rally.

The peace foundation said that it rejected applications for membership to its supporters' association from any candidate nominated to the Board of Education.

However, the prosecution said it questioned Paek and discovered that a considerable number of candidates

nominated for the Board of Education did make contributions and joined the supporters' association for the Peace Foundation.

Paek told the prosecution that more than 20 of the 25 Board of Education member elects made contributions of 5 million won each to the peace foundation to get elected. He said that vice speaker of the Seoul City Council distributed the application forms to the candidates after promising that he would help them get elected if they made contributions.

DLP Seeks Support of Middle Class

SK3108055895 Seoul YONHAP in English
0446 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — The ruling Democratic Liberal Party (DLP), which instituted audacious reform programs in the first half of President Kim Yong-sam's five-year term, has started seeking the support of the conservative middle class in hopes it can ride the conservative and center-right trends that surfaced in South Korean politics during the June local elections.

The measures the DLP announced, with the administration's consent last week, to complement the real-name financial and property transaction systems were primarily aimed at easing the financial hardships small businesses are experiencing under this revolutionary financial reform, observers believe.

Chairman Kim Yun-hwan recently met with several small business and conservative leaders of the 10-million member North Korean community, which consists of those who fled from the North before and during the 1950-53 Korean war and their children, to solicit their support.

The national congress for new politics which is being created by Kim Tae-chung, who has long been known for his progressiveness, has announced a conservative policy and platform to attract the moderate middle class voters.

And the United Liberal Democrats headed by Kim Chong-pil declared itself a party based on the conservative, rightist and middle class voters.

Thus, the DLP's move to smile upon the conservative middle class voters is seen as part of its long-term strategy to win the general elections next year and the presidential election in 1997.

The DLP has long considered conservative middle class voters its unswerving power base, but in the recent local elections they gave the party the cold shoulder and it resulted in a humiliating defeat.

In addition, it was a big shock to the ruling party.

The shock compelled the party to admit, though belatedly, that the daring reform programs, including the anti-corruption drive, President Kim's unprincipled personnel policy and the trials and errors in North Korea policy over the past two years have caused its power base to crumble. Even the North Korean community was upset by the way relief rice was delivered to North Korea.

This has left the DLP facing an urgent need to restore its power base if it hopes to win in the coming parliamentary elections.

The party considers the middle class to be those families who have a home, a car and a certain amount of savings. The DLP considers that this relative affluence makes them slightly more conservative.

Considering this view, the party wanted the administration to ease the revolutionary real-name financial system in a bid to solicit the support of these conservatives. This resulted in the announcement last week of measures complementing the system which include a reduced tax burden for small businesses and the middle class, among others.

In his recent meeting with small business leaders, Chairman Kim said his party would strive to build a society in which businesses making "clean money" can benefit from taxation and financial support.

Meanwhile, the DLP Chief Policymaker Kim Chong-ho said the DLP would launch a campaign to ease the difficulties facing the citizens in their everyday life through what he calls "the way-of-living reform."

NCNP Assemblyman Denies Receiving Bribe

SK3008121495 Seoul YONHAP in English
1054 GMT 30 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — Rep. Choe Nak-to of the National Congress for New Politics (NCNP), set to be summoned by the prosecution for his alleged bank loan brokerage, said Wednesday he had received no money whatsoever in connection with bank loans.

Choe told the YONHAP news over the phone that he had never received any money in bank loan brokerage though he took some from his businessman friends.

Choe, who serves assembly Communications, Science and Technology Committee chairman, said the money he received were 2 million won from the Vice President of the Fresco Co. who was a close friend of his on two occasions of traditional holidays, and 10 million won

from the Fresco president for arranging the supply of Fresco doors to a housing developer.

Meanwhile, Pak Chi-won, spokesman for the National Congress for New Politics, said that though the prosecution assert Rep. Choe pocketed tens of millions of won in bank loan brokerage, Mr. Choe told the NCNP he never received such money.

"We believe what Mr. Choe says and hope that the suspicion will turn out to be not true," Pak said.

Mugunghwa Satellite Enters Geostationary Orbit

SK3108091495 Seoul YONHAP in English
0651 GMT 31 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 31 (YONHAP) — South Korea's first multi-purpose satellite, Koreasat-1, finally managed to enter its geostationary orbit at around 11 PM Wednesday, 25 days after it was launched.

Korea Telecom announced Thursday, "The Mugunghwa satellite entered its geostationary orbit above the Equator at 116 degrees east longitude after the satellite fired its thruster for the 17th time for over 14 minutes at around 10:40 PM Wednesday."

Koreasat-1 is presumed to have entered its geostationary orbit at 116 degrees east longitude with an apogee of 35,791 kilometers and a perigee of 35,778 km.

This represents a gap of 0.02 degrees in longitude and 5-8 km in height from its original planned stationery orbit, but both those figures are within the permissible limits of error, according to Korea Telecom.

Koreasat-1, launched from Cape Canaveral Air Force Base in the United States on Aug. 5, took about ten additional days to reach its stationery orbit because during the take off one of the launch engines failed to function properly.

Koreasat-1 will begin in-orbit tests immediately and is expected to complete bus experiments by Sept. Then it will start telecommunication and broadcasting service sometime in November or December after the payload experiments for two to three months.

However, since the satellite was forced to consume its own fuel to reach geostationary orbit, the original 10 year, seven month life span of Koreasat-1 has been recalculated at four years and six months, according to Korea Telecom.

Daewoo Delivers Submarine to Navy

SK3008072795 Seoul YONHAP in English
0629 GMT 30 Aug 95

[FBIS Transcribed Text] Seoul, Aug. 30 (YONHAP) — Daewoo Heavy Industries, Ltd. said that it held

a ceremony Wednesday marking the delivery of a submarine to the Navy at its Okpo shipyard in Koje, South Kyongsang Province, with officials from the Navy and Daewoo, including the Naval Operations Commander and Daewoo's president, attending.

"Pak Wi-ham," the third submarine made by the South Korean manufacturer, can navigate underwater at speeds as high as 22 knots (40km) per hour, almost twice as fast as any North Korean submarine, Daewoo explained.

In addition, a crew of 30 can operate the submarine for as long as two months at sea, without any help from other ships.

With the Pak Wi-ham, the South Korean Navy now has four submarines, one named "Changbogo-ham" which was made in Germany and three others made by Daewoo.

Military To Create Fund for Soldiers' Welfare

SK3008033495 Seoul THE KOREA TIMES in English
30 Aug 95 p 3

[FBIS Transcribed Text] A fund, raised by the management of PX operations and golf courses, will be created and put under the supervision of the Defense Ministry next year to support retired and active soldiers' welfare.

The fund will be used to maintain sports facilities, provide scholarships for offsprings of soldiers, research & development subsidiaries and other incentives to keep soldiers' morale high, the ministry said.

A bill on the Military Welfare Fund will be sent to the National Assembly this year aiming for approval by next year.

The Army, Navy and Air Force earn a combined total of 100 billion won each year from various types of welfare activities, many garnered by post exchanges and golf courses.

About 2,000 PXs exist in military units of company and bigger military unit levels, while many golf courses are scattered across the country.

The legislation, however, will provide legal grounds for the use of the proceeds, which have been at the discretion of the chiefs of the three branches of the Armed Forces, raising questions on how they are being used.

A ministry official said, "The bill is intended to make sure that all the proceeds will be properly and legally used to improve the welfare of soldiers."

"However, that doesn't mean that it has been used for illegal purposes," he said.

"Another important feature about that piece of legislation is that the fund and how it is spent will be made public as it will be put under the supervision of the Bank of Korea," he said.

For the effective management of the fund, a committee, chaired by vice defense minister, will be created to keep a close tab on each entry of expenses and ensure that it will be used as intended.

Bank of Korea's Union To Make Up Balance

SK3008023195 Seoul THE KOREA TIMES in English
30 Aug 95 p 9

[FBIS Transcribed Text] The Bank of Korea trade union yesterday decided to collect money equivalent to what a former employee at the central bank Pusan branch pilfered in the course of destroying old bank notes.

All bank officials will take part in the fund raising campaign, union members concurred at their annual trade union conference.

The money will be exchanged for unfit bank notes which will be destroyed through a currency sorting machine by which the arrested employee Kim Tae-yong pilfered the money, a trade union spokesman said.

He said the trade union will hold such an event in its explicit bid to convey an apology to the nation for the unprecedented theft case by a central bank official.

To make up for the 430 million won, the amount that the employee stole, central bank officials will each have to contribute about 120,000 won. At present, the number of central bank officials stands at about 3,700.

Brunei, Malaysia & Singapore**Malaysia****Minister Lauds NATO Air Strikes in Bosnia***BK3008160895 Hong Kong AFP in English
1226 GMT 30 Aug 95*

[FBIS Transcribed Text] Kuala Lumpur, Aug 30 (AFP) — Malaysia, long a critic of UN ineffectiveness in Bosnia, Wednesday said it backed NATO air strikes against Bosnian Serbs launched early Wednesday in retaliation for a bloody mortar attack on a Sarajevo market.

"This proves that Malaysia has been right all the way that peace will only prevail with the use of military force," Foreign Minister Abdullah Ahmad Badawi said, describing the air strikes launched Wednesday as long overdue.

Abdullah said military action was the only way to force the Bosnian Serbs to discuss a peace plan.

"I hope this development will pave the way for a quicker end to the conflict. This pressure must be maintained," he said.

Malaysia is expected to host a meeting among members of the Organisation of the Islamic Conference (OIC) next month to adopt a common position on the 40-month Balkans conflict.

Mahathir Delivers National Day Speech*BK3008160195 Kuala Lumpur Radio Malaysia
Network in Malay 1235 GMT 30 Aug 95*

[National day speech by Prime Minister Dr. Mahathir Mohamed; place and date not given — live or recorded]

[FBIS Translated Text] Peace be upon you! We are grateful that our country is now celebrating 38 years of independence. Thirty-eight years is a long time for a country, but within this period of time, our country has made very rapid progress, experienced many changes, and achieved many successes of which we can be proud.

Today our country is not only safe and peaceful, but also prosperous and progressive. We have a robust economy that continues to grow rapidly. Our country used to depend on the export of primary commodity goods like rubber and tin, but now our industrial products represent 78 percent of our total exports. Our living standard is not only higher than when we first gained our independence, but we also enjoy many facilities that are available in developed countries. Not many other countries that gained independence at the same time as ours, or even earlier, have achieved the same level of success. Malaysia has made such rapid

progress in its economic development that international organizations have made our country a model state for other developing countries. This is not mere boasting but a fact. The Malaysian people should be proud of their country's successes and achievements since its independence. Everybody in this country has the right to be proud because Malaysia's success is the result of everyone's determined efforts and sacrifices. Even though we are a multiracial and multireligious society, our mutual tolerance and cooperation have enabled Malaysia to remain stable and make rapid progress.

Success is, of course, a good thing and everyone wants to achieve it. An unsuccessful country is not only looked down upon by others, but is also beset by many problems. Success, however, also brings problems. We have noticed that some people are not happy with our success. They try to prevent us from further progress and from becoming their competitor. They try to impose several obstacles on successfully developing countries like Malaysia by using excuses, saying that we are not a democratic society, that we violate human rights, that we do not preserve our environment, or we do not give our workers enough freedom. In addition to imposing obstacles, foreign countries have also threatened to withdraw the Generalized System of Preferences under the pretext that we have already achieved the status of a developed country. In this case, we must accept the fact that sooner or later we will lose this privilege. What we must do is boost our productivity to the extent that even if we have to pay import duty for our goods, they will still remain competitive. Our labor shortage has increased production costs. Even though foreign workers can cope with our increased labor demand, this has brought considerable outflow of foreign currency annually.

Ladies and gentlemen! Our success has also produced social problems, including an unhealthy trend among our youth of becoming drug addicts, wasting time by doing nothing, or engaging in immoral activities. These problems have arisen because many parents are forgetting their responsibility or are too busy seeking material gains. The result is that their children are often neglected and do not receive proper attention or instruction. Even though the problem has not yet reached a critical stage, it may become worse if we do not act now. With the emergence of satellite television systems and the information superhighway [two preceding words in English], we may no longer control the dissemination of information. Our youth will be exposed to all kinds of information and unhealthy values. If we are not careful, the issue of moral decadence, which is now haunting Western societies, will also affect our youth. This is one of

the problems that we have to face as a result of our rapid economic development.

We must not avoid this trend. To slow down economic growth is not the way to solve this problem, because poverty also brings about many problems. We must take proper action to attain our objective as a developed country without having the negative side-effects experienced by other developed countries. We only have 25 years to achieve Vision 2020 [the year Malaysia is projected to become an industrialized country]. We must not be complacent about our current achievements because there are still many things we need to do to achieve our desired objective. It is really up to us whether we achieve that goal or not. The Malaysian people must be self-confident. We must be able to do what other people can do. What we need is the ability to make serious efforts and to have the courage to face all challenges. Other people do not have special magical powers — they are ordinary human beings like us. The difference is that they believe in their ability to do things.

In this world of fierce competition, the Malaysian people must equip themselves with new technological skills. We must master all technological skills, and God willing, we will not only master these skills, but will also create new technological skills. This is not an impossible task. Our natural resources will not last forever, and we must learn new technology. To build a modern, competitive, and dynamic economy, we need ability and determination. In a world where technology reigns supreme, our failure to catch up with technological progress will eventually thwart our efforts to become a developed country.

However, we must not forget the importance of the stability and security that we are enjoying now. If our country is not stable, it is impossible to build our country. What investors need is long-term stability, and we are the ones who must ensure stability and security. The country's stability is not derived from the government's system. The stability is caused by the fact that the leaders and people lead simple, responsible, and honest lives and pay attention to public interests. If leaders and people are fighting among themselves and ignoring public interests, an upheaval will break out, and that would be the end of stability.

Ladies and gentlemen! Our development and preparations can produce success. We must not take for granted that which has given us good results. This does not mean we must not make further improvement in our works — we must be careful in improving our old ways of doing things. The yardstick to measure our success is the high economic growth rate coupled with low inflation

rate. We can achieve these two factors. What we need is good discipline and the ability to do things well for a long period of time. The government will continue to introduce measures, which will help boost economic development in a peaceful and stable atmosphere. Co-operation between the public and private sectors in the context of Malaysia Inc. is one of the country's basic objectives. The old view that it is not the government's duty to help the private sector is erroneous. The tax with which the government collects and finances its development programs comes from the private sector. It goes without saying that if the private sector is not successful in its undertakings, the government will not be able to collect taxes. By contrast, if the private sector makes a large profit, the government is entitled to collect more than 30 percent of the profit. In essence, the government is helping itself, as well as the people, by helping the private sector. The same is true with privatization. It is aimed at helping the government and the public. Malaysia's high economic growth is the result of privatization and the Malaysia Inc concept. People must understand that any move introduced by the government is for the benefit of the nation. Therefore, let us work together and support the government's move for the happiness and welfare of our country and nation.

Opposition Leader Retains Gua Musang Seat

*BK3008051495 Kuala Lumpur THE STAR in English
30 Aug 95 p 2*

[Report by Shamsul Akmar, Nick Leong, Foo Yee Ping, and Hazel Ong]

[FBIS Transcribed Excerpt] Gua Musang—Tengku Razaleigh Hamzah retained his Gua Musang parliamentary seat yesterday but had his majority slashed by almost half.

The Parti Melayu Semang 46 [Spirit of 46 Malay Party] president polled 13,444 votes against Barisan Nasional's [National Front] Datuk Hussein Ahmad who garnered 8,398 votes. There were 223 spoilt votes.

The majority was severely reduced compared with the nullified April 25 general election results when Tengku Razaleigh secured a 8,980 vote majority against Nik Ismail Wan Idris of Angkatan Keadilan Insan Malaysia [Malaysian People's Justice Movement],

The April election results were nullified by the Election Court when it found that the returning officer had erred in rejecting Hussein's nomination papers. [passage omitted on announcement of the by-election results]

Tengku Razaleigh, who was informed of the results at his home in Bukit Cekati here, said later he was proud the people had voted for him despite being pressured.

"They showed they still wanted me as I am more like an adoptive father to them. I have known many of them since they were children," he added.

State Barisan chief Datuk Annuar Musa said the slashed majority was a moral victory.

"The fact that we managed to reduce the majority showed that we can make inroads into a constituency once considered invincible. We will come back to Gua Musang stronger."

A total of 21,850 or 78.2 per cent of the 28,004 strong electorate voted yesterday. [passage omitted on process of vote counting]

Singapore

Minister Discusses Regional Trading Arrangements

BK3008144095 Singapore Radio Corporation of Singapore in English 1000 GMT 30 Aug 95

[FBIS Transcribed Text] Trade and Industry Minister Yeo Cheow Tong says regional trading arrangements like ASEAN and APEC [Asia-Pacific Economic Cooperation] can be treated as building blocks contributing to global free trade. Speaking at the opening of the ASEAN roundtable conference, Mr. Yeo said he is optimistic about this, despite arguments that regionalism is contrary to the World Trade Organization's spirit of global free trade:

[Begin Yeo recording] A truly global multilateral trading arrangement is the ideal. However, the establishment of a totally free multilateral trading agreement is necessary constrained by the (?interests) of the contracting [word indistinct]. We need other complimentary mechanism that can accelerate the process. This is where regional trading arrangements come in. [end recording]

Mr. Yeo also urged ASEAN to further reduce trade barriers, as many trade regional groupings in the U.S., Europe, and Latin America have taken measures to liberalize trade. He said ASEAN must respond quickly or risk being bypassed by international investors:

[Begin Yeo recording] With increasing competition and other regions moving quickly below their internal trade barrier, it is vital that ASEAN does not end up falling behind. ASEAN needs to seize the opportunity to move forward boldly in (?certain) areas. In doing so, ASEAN would also (?help) global economic trade and [word indistinct] trade forward. [end recording]

Cambodia

Khieu Samphan Urges Soldiers To Desert

BK3108074195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 30 Aug 95

[*"Appeal issued by His Excellency Khieu Samphan, prime minister and minister of the national army of the Provisional Government of National Union and National Salvation on 30 August"; place not given — recorded*]

[FBIS Translated Text] Respected and beloved compatriots: Today I would like to issue a special appeal, calling on all of our respected and beloved compatriots to continue your resolute struggle to prevent, at all costs, the communist Vietnamese puppets and the two-heads from conscripting soldiers and militias. You are also called to protect absolutely and hide away your children and husbands from being forced and sent as soldiers and militias to fight and die in the blaze of the communist Vietnamese war of aggression. I would also like to appeal to the forcibly drafted soldiers and militiamen who are still unable to flee to try again to escape and to run away from the battlefield, the communist Vietnamese puppets, and the two-heads — to save your own lives and to prevent them from forcing you to fight and die for them, no matter what.

In their 16 to 17-year war of aggression, communist Vietnam, the communist Vietnamese puppets, the two-heads — the out-and-out communist Vietnamese lackeys — and the alliance have ceaselessly forced our people to serve as soldiers and in militias and to fight and die in their place by the hundreds of thousands each day. Our people have experienced the untold, greatest suffering. Those villains have killed no fewer than hundreds of thousands of our people with their K-5 forced labor draft. They continue despoiling and ransacking our people, conscripting soldiers and militias, and commandeering our people for the K-5 hard labor. Their actions have bled our people white and starved them to death every year.

This year is a year of great famine that causes our people to die en masse, which is unprecedented in the history of our Cambodia. Yet, they repeatedly declare war, war, and war, and soldier-militia conscription, soldier-militia conscription, and soldier-militia conscription. They use troops to surround villages, rice fields, and schools to conscript soldiers and militias. They conscript them in the fields, along the rivers, and on the lakes. This constitutes a terrible conscription. They draft them like animals.

Each village is almost empty of men, but they persistently continue the conscription. No single family of our

people has avoided the loss of husband and children, who have been forced to fight and die. They force the people's husbands and children to fight and die, while they rape and abuse their wives and children at home and plunder and grab all of their land, rice fields, orchards, oxen, and water buffalo. They despoil and ransack our people, depriving them of their rice fields, orchards, oxen, and water buffalo to starve them to death. This is also part of their strategy and tactics, to draft our people as soldiers and militiamen to serve their war of aggression.

Husbands have been separated from their wives. Wives have been separated from their husbands. Mothers have been separated from their children, and children have been separated from their mothers. The people have fled from their districts and home villages to lead a vagrant and wretched life with flowing tears and the greatest suffering. They have also organized groups of international brigands to kidnap children, both male and female, from their parents and sell them like animals.

The war of aggression waged by communist Vietnam and the alliance, as well as the two-headed clique, which is their out-and-out lackey, is for the purpose of doing away with our nation and people in a most cruel manner. They kill Cambodians, and then allow the Vietnamese to flow in to wolf down and swallow Cambodia. The number of Vietnamese in Cambodia is over 4 million. The more than 4 million Vietnamese have devastatingly plundered our nation and people's land, rice fields, orchards, forests, and fish. This is their greatest crime. It is aimed at eradicating our Cambodian race, liquidating our nation and race, and turning them into part of Vietnam, with a view to transforming our Cambodia into a second Kampuchea Kraom [ancient Cambodian territory lost to Vietnam in the 17th century].

Nevertheless, our nation and people have never kowtowed and have never allowed them to kill with impunity. They are united body and soul with the National Army of Democratic Kampuchea and the Provisional Government of National Union and National Salvation [PGNUNS] in a most resolute and relentless struggle against the old and new enemies. We carry out all forms of struggles — military, political, and economic — on all small and major battlefields, to keep Vietnam from wolfing down and swallowing Cambodia.

The compatriots in the countryside are struggling, the compatriots in Phnom Penh are struggling, and the overseas compatriots are struggling. They are repeatedly and ceaselessly carrying out struggle everywhere in a tenacious manner. Most importantly, our compatriots are struggling to prevent them from conscripting soldiers and militias. Some already drafted refused to fight and

have run away. They turned their guns to shoot the cruel commanders, then ran away in groups of tens, hundreds, or in entire units. They ran away until no soldiers were left on the battlefield, except for tiny groups of cruel commanders and goons. Soldiers are no longer seen in all places and on all battlefields. The important supply lines, which are their blood vessels, have been cut off. They do not have enough troops to retake them. The two-heads are now being choked and are agonizing. This is the doomsday of those warmongers.

They are being divided in their inner circle and are fighting one another. They are seeking to shoot each other's heads. They are competing to betray and sell out the nation and to devour the flesh and suck the blood of the nation and people. They are competing to amass and stack up dollars in preparation for fleeing the country. Both communist Vietnam and the alliance do not know what to do to restore the situation.

Availing myself of this opportunity, I — in my capacity as the prime minister and minister of the National Army of the PGNUNS — would like to appeal to all of our compatriots, soldiers, and militias forced by the two heads, the out-and-out lackeys of communist Vietnam and the alliance, to carry arms to fight and die for them as follows:

Our compatriots and people are asked to continue resolutely their tenacious struggle against the conscription of soldiers and militias. You are urged to continue fighting resolutely to keep, protect, and conceal your children and husbands from being conscripted and sent by the communist Vietnamese puppets and the two heads as soldiers and militias to fight and die. The soldiers and militias caught by the communist Vietnamese puppets and the two-heads and who are still unable to escape should not stay and allow yourselves to be sent out to fight and die.

You should seek all possible means to free yourselves from this death. If you are going to die, do not go to fight and die in their place. They must be left to go fight by themselves. You should run away from the battlefield, the communist Vietnamese puppets, and the two-heads and reunite with your wives, children, and parents. You should return and help your wives, children, and parents who are starving to death. You should go and assist, in a timely fashion, your wives, children, and parents in their farm work to prevent them from starving to death.

This is an appeal that aims to save the life of the soldiers and militias forced by the communist Vietnamese puppets and the two heads to fight and die in their place. It is an appeal calling on all to stand up and join forces with our nation and people to terminate communist Vietnam's race-extermimating war of aggression,

thereby saving our nation, people, and race, as well as your own life and the lives of your wives, children, and parents.

The war cry of our entire nation and people and of all of us is as follows:

End the war! End the war! Reconcile the nation! Reconcile the nation! Terminate the arch-fascist, arch-corrupt, nation-selling, people-killing, two-headed regime! Say no to becoming soldiers or militias, to fighting and dying for the two-heads! The Cambodian nation must survive! The Cambodian people must live! The Cambodian race must last forever!

. Indonesia

Minister Condemns Serb Attack on Sarajevo

BK3108015395 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 31 Aug 95

[FBIS Translated Text] Foreign Minister Ali Alatas has condemned the recent mortar attack on Sarajevo that killed 37 civilians and injured over 80 people. The United Nations has blamed the Bosnian Serbs for this inhumane act. In retaliation for the attack, the United Nations, NATO, and the five big powers' Contact Group launched a counterattack to fulfill their commitment to protect the safe haven in Bosnia-Herzegovina, particularly Sarajevo.

The Ministry of Foreign Affairs said in a statement that such an act, which has occurred now and then, certainly will not lend support to the peace efforts currently initiated by several parties. Instead, it will aggravate the arms conflict in the former Yugoslavia.

For this reason, Alatas has again called on all the warring factions to refrain from such acts so that the United Nations can play a more active role to stop the aggression by those involved in the conflict.

Editorial Welcomes NATO Air Strikes in Bosnia

BK3108095595 Jakarta KOMPAS in Indonesian 31 Aug 95 p 4

[Editorial: "NATO Finally Attacks Serb Positions Around Sarajevo"]

[FBIS Translated Text] The world felt relieved when NATO finally launched air strikes against Serbian positions in Bosnia-Herzegovina beginning at 0700 [0000 GMT] on Wednesday (30 August). More than 60 Western fighters bombed a number of Serbian military targets around Sarajevo as part of Operation Deny Flight.

The air operation was launched after UN military commanders concluded beyond any doubt that Serbian

forces were responsible for a mortar attack that killed 37 innocent civilians on Monday (28 August). The air operation — launched from a NATO military base in Aviano (Italy) and the aircraft carrier USS Roosevelt in the Adriatic Sea — is expected to continue for another day or two. F-16 fighters have been used in the operation.

The joint air operation is politically justified. It has been endorsed by the NATO military command and Unprofor [United Nations Protection Force] on the basis of UN Security Council Resolution 836 and the political decisions made by the Atlantic Council on 25 July and 1 August — all of which had been endorsed by UN Secretary General Butrus Butrus-Ghali.

In addition to the air strikes, the UN Rapid Reaction Force has fired 600 mortar, howitzer, and artillery shells against Serb forces around Sarajevo. Serbian depots and heavy weapons positions have been the target of the mortar and artillery fire.

We will feel even more relieved if the strikes against the Serbs continue. In our opinion, past experience shows that the Serbian forces will resume their brutal acts against innocent Bosnian Muslim civilians once the strikes end.

Certainly, the air strikes are morally justified, too. After the mortar attack on Sarajevo, we could not understand why the Serbs brutally targeted innocent civilians in the war. According to the universal rules of war, civilian targets must be avoided, although many military targets can be attacked.

The Western air strikes were designed to reduce the threat against the safe haven of Sarajevo and to deter Serbian forces from attacking other safe havens. In our opinion, further military action must be taken. NATO must expel Serbian forces from Srebrenica and Zepa and bomb their antiaircraft strongholds, radar, and other communication facilities.

While believing that the strikes must continue, we must give the warring factions the opportunity to return to the negotiating table. Military attacks against the Serbs must be consistently maintained, but efforts to achieve a political solution to the conflict must also be given due attention.

Military attacks must continue, although Bosnian Serb leader Radovan Karadzic has suddenly softened his hardline stance by accepting Washington's peace initiative. Karadzic expressed his readiness to part with some of the 70 percent of Bosnian territory that the Serbs control and accept 49 percent of Bosnian territory. The remaining 51 percent will be given to the Bosnian Muslims and Croats.

Last year, Karadzic rejected the territorial question as the basis of talks. We hope that Karadzic's new readiness to discuss the territorial question is not just another "vacillating" political tactic. Karadzic has used such tactics in the 40-month Balkan conflict.

Karadzic's readiness to discuss the territorial question is due to the diplomatic success of Richard Holbrooke, the U.S. assistant secretary of state, who met with Serbian and Bosnian leaders and U.S. allies in Europe. Holbrooke took the diplomatic initiative after the international community — including some Western countries that are U.S. allies — found Washington indecisive in handling the Balkan conflict.

U.S. President Bill Clinton is facing pressure from the U.S. Congress, which has voted to lift the arms embargo against Bosnia. The U.S. media has joined in criticizing U.S. policy by constantly reporting Serbian atrocities and the lack of unity among officials and agencies in Washington in handling the Balkan issue.

Several weeks ago, President Clinton responded to the criticisms. He said the lifting of the arms embargo against Bosnia would benefit the Serbs because Bosnian troops would be like "David against Goliath" once a regular war erupts. President Clinton also rejected a proposal that ground forces be sent to Bosnia because he fears that this would "Americanize" the Balkan war.

Nevertheless, President Clinton's policy has been neither correct, firm, nor anticipatory. The pace of the war itself has been so rapid that Western ground forces — including U.S. forces — will be needed sooner or later to face the Serbian forces that proved too strong for Unprofor when Srebrenica and Zepa fell.

It is time for the United States to become "the leader and not a follower" in seeking a political or military solution to the conflict in the Balkans. The United States must ensure continued military attacks against the Serbs as a manifestation of its leadership while continuing its efforts to reach a lasting peace.

Cambodia's Sihanouk Arrives for State Visit

BK3108061695 Jakarta Radio Republik Indonesia Network in Indonesian 0500 GMT 31 Aug 95

[FBIS Translated Text] President and Madame Tien Suharto held a welcoming ceremony for Cambodia's King Norodom Sihanouk at the Merdeka Presidential Palace in Jakarta. Here is our correspondent Joko Saksano, reporting from the Merdeka Presidential Palace grounds:

[Begin Joko recording] King Norodom and Queen Monique Sihanouk, state guests from Cambodia, arrived in Jakarta at 1100 today. They were greeted by President

and Madame Tien Suharto at the palace grounds. After President Suharto and King Sihanouk reached the grandstands, the national anthems of Indonesia and Cambodia were played, which was followed by a 21-gun salute.

President Suharto then introduced Indonesian cabinet ministers of the sixth five-year development plan and the Jakarta-based members of the diplomatic corps to the Cambodian guests.

Afterward, President and Madame Suharto sent King and Queen Sihanouk to the State Guesthouse.

As of news time, President Suharto and King Sihanouk are holding private talks. They are accompanied by Minister and State Secretary Murdiono and Foreign Minister Ali Alatas.

The Cambodian guests will be in Indonesia until 2 September.

Tonight, President and Madame Suharto will host a state banquet at the State Palace in Jakarta in honor of visiting King and Queen Sihanouk. [end recording]

Alatas Confirms Rejection of Netherlands Aid

BK3008115295 Jakarta ANTARA in Indonesian 1004 GMT 30 Aug 95

[FBIS Translated Text] Jakarta, 30 Aug (ANTARA) — Foreign Minister Ali Alatas confirmed that Indonesia will not accept any development assistance from the Netherlands despite the enhancement of bilateral relations resulting from Queen Beatrix's visit.

Alatas spoke to reporters after the ceremony for the appointment of 17 new ambassadors by President Suharto at Istana Negara [state palace] on Wednesday. He said: "There is no reason whatsoever to render decisions, which are regarded as unnecessary."

The Indonesian Government has decided to reject all development aid from the Netherlands because the government in The Hague had previously linked any assistance to Indonesia to certain political conditions.

Alatas stated that Indonesia's decision to reject the Netherlands aid had, in fact, not caused friction between the two countries.

He said he hoped that bilateral relations would continue to improve.

He also said that with the declining tension between the two countries, Indonesia hoped it could use the Netherlands as a "gateway" to gain access to the European market.

The Netherlands, meanwhile, could also utilize Indonesia as its facility toward expanding its Southeast Asian markets.

When asked to comment on Queen Beatrix and Prince Claus's visit, Alatas said the timing of the visit was fortuitous, because Indonesia was celebrating its 50th independence anniversary from the Netherlands, after having been a colony of the Netherlands for 350 years.

Netherlands Minister Sees 'Improved' Ties

BR3008114595 Hilversum Nederland-1 Television Network in Dutch 1800 GMT 29 Aug 95

[Video report by Betty Lamers]

[FBIS Translated Text] [Announcer] During the final days of their state visit to Indonesia, Queen Beatrix and Prince Klaus will be visiting Kalimantan and Sumatra. They will return home Thursday [31 August]. Foreign Minister Van Mierlo, who will return tomorrow, said that he has positive feelings about the visit.

[Begin recording] [Van Mierlo] There were many possible pitfalls, but when I look back at the visit and at the reactions of the population over the last few days, I can say that it has really been a good state visit. I believe that it may result in substantially improved relations in the years to come both at the political, economic, and cultural levels.

[Lamers] Will there be a change? Are we heading toward a new future in our relations with Indonesia and vice versa?

[Van Mierlo] Yes, but you should not look at this as a sharp dividing line between before and after the visit. I believe that the state visit indeed marks the beginning of a new era in which improvements in the above-mentioned areas will become clearly visible. [end recording]

Philippines

Ramos: PRC Denies Spratlys Exercise Planned

BK3008090395 Hong Kong AFP in English 0836 GMT 30 Aug 95

[FBIS Transcribed Text] Manila, Aug 30 (AFP) — Philippine President Fidel Ramos on Wednesday urged for calm in the continuing rift between China and Taiwan as he expressed relief on Beijing's assurance that no military exercises were planned in the Spratlys.

Ramos told a press conference that reports of a planned Chinese exercise in the disputed Spratly islands in the South China Sea had "been denied by China."

The president who last week confirmed reports of a planned Chinese military exercise, said it had been assumed they would be in the Spratlys.

"Now that it has been announced that it will not be there, we are quite relieved here in the Philippines," he said.

The Philippines and China, along with Brunei, Malaysia, Taiwan and Vietnam, claim all or part of the Spratlys, a chain of islands in the South China Sea believed to hold vast oil resources.

Tensions in the area have increased since the discovery in February that China had built structures on a Spratlys reef claimed by the Philippines. But subsequent high-level talks between the two countries have eased the strain.

Commenting on the relations between Taiwan and China, which followed Chinese missile tests in the Taiwan Strait, Ramos said "we hope that the two countries who really come from one group, will see their way calm down and ease the situation."

Military Not To Interfere With PRC Action

BK3108042295 Quezon City Radio Filipinas in English 0230 GMT 31 Aug 95

[FBIS Transcribed Text] The military will not move to prevent the reported plans for a Chinese military exercise in the Spratly Islands. This was announced by Philippine Armed Forces Chief of Staff Arturo Enrile. Enrile, while brushing aside the information that China is preparing for the exercise, already admitted that such an operation will create tension among other claimant countries. He said they have not yet monitored anything unusual in the Spratly Islands, particularly in the Philippine-claimed Kalayaan portion.

The military will not interfere, Enrile said, because it needs the Department of Foreign Affairs, which should ask on such a sensitive matter. Asked if the Chinese Government should ask permission from the Philippine Government for the exercise, General Enrile said there is no need because they are claiming that the Spratlys is theirs. The Armed Forces chief of staff expressed hope that such a plan will not push ahead and that China will look into its situation and also the situation of other countries.

In Malacanang, President Ramos said that Asian countries, including Australia and New Zealand, should band together to prevent any sudden surprises from China. President Ramos said the so-called middle powers, the members of the Association of Southeast Asian Nations, plus three more countries should constitute a moderating force to maintain peace in the Asia-Pacific region.

He also urged Taiwan and China to settle their differences and help ease the situation.

PRC Refuses To Recognize Pardon of Fishermen

*BK3108094195 Quezon City MALAYA in English
29 Aug 95 p 6*

[Report by Jean Magdaraog]

[FBIS Transcribed Text] China has refused to recognize the pardon extended by President Ramos to 58 fishermen who were convicted of poaching in what was claimed to be Philippine waters in the Spratlys.

"The Chinese Government has not recognized it," Zhang Tie Gen, Chinese Embassy spokesperson, said yesterday. "The fishermen were in a normal, legal operation in China's traditional territorial fishing waters."

Zhang said the embassy did not in any way advise the fishermen to plead guilty to any charges.

The embassy, according to Zhang is still awaiting the official report of the Department of Foreign Affairs on the legal process undergone by 62 Chinese fishermen. The four who did not get pardons are the skippers of the fishermen's ships.

A Palawan court 9 August sentenced the 62 to six months imprisonment after they had pleaded guilty to malicious mischief.

Diplomatic analysts said if the Chinese Government recognizes the pardons, it will be in effect admitting Philippine sovereignty over the disputed area.

Ramos Approves Funding for Airport Security

*BK3008070595 Manila BUSINESS WORLD
in English 28 Aug 95 p 25*

[Report by Larina G. Perez]

[FBIS Transcribed Text] President Ramos has approved the release of P[Philippine pesos]50 million for the installation of additional security and air safety equipment in the country's major airports, Air Transportation Office (ATO) head Panfilo Villaruel told Business World.

Mr. Villaruel said of the P50 million 60 percent will be used to buy air safety apparatus while the remaining 40 percent will be for the purchase of security equipment. He said the ATO expects additional funds to further upgrade the safety and security of our airports.

The ATO is also pushing for an increase in its current budget of P4 million in light of the "deficiencies" in government's regulation of aviation safety standards noted by the United States-based Federal Aviation Administration (FAA).

Mr. Villaruel said the agency will need P1.5 billion to fully comply with the safety standards set by the International Civil Aviation Organization (ICAO).

The FAA announced last 1 July that it has given the ATO a Category-2 conditional rating based on its assessment made in June 1994.

According to the FAA, the ATO was found not to be in compliance with international safety standards for oversight of Philippine carrier operations.

Mr. Villaruel said the proposed budget will also be used to maintain the country's 85 airports, of which eight are used for international traffic.

The Department of Transportation and Communications (DoTC) is also negotiating with the Belgian Government to fund the P408-million upgrading and development of airfield lighting system for national airports in accordance with the standards of the ICAO.

The project will benefit at least 13 airports, namely: Laoag, Zamboanga, Davao, Mactan, Manila, Roxas, Cagayan de Oro, Kalibo, Dumaguete, Dipolog, Butuan, Cotabato and San Jose.

Thailand

Military Increases Vigilance at Burmese Border

*BK3108041095 Bangkok BANGKOK POST
in English 31 Aug 95 p 7*

[FBIS Transcribed Text] Chiang Mai — Thai forces are watching the border with Burma following a clash between the United Wa State Army [UWSA] and the Muang Tai Army [MTA].

The clash resulted in military personnel from both sides intruding into Doi Pa Da in Mae Ai District of Chiang Mai. The Naresuan Task Force chased them back across the border on Tuesday.

Soldiers in the Third Army and Border Patrol Police in Chiang Mai, Chiang Rai and Mae Hong Son have since stepped up their watch on the area.

Task force Chief-of-Staff Col Tomon Kittisophon said about 100 Rangoon troops supporting the UWSA had set up two strongholds close to the border apposite Mae Ai District. The task force warned the troops to move back at least two kilometres deeper into their territory.

The MTA received the same warning after attempting to set up camps too close to the border.

Col Tomon said the Army would not interfere with the fighting and the MTA troops showed willingness to heed the warning.

Rangoon troops and the UWSA have continued to shell MTA bases for three consecutive days. Both sides have allegedly tried to cross into Thailand to gather food.

Burapha Task Force Deputy Director Maj-Gen Phairot Wannatrong said he told soldiers to prevent this.

The task force yesterday seized horses laden with more than a ton of rice in Wiang Haeng Sub-district, Chiang Mai. The rice, bought from a Thai trader, was about to be taken across the border.

It was unclear who had sent for the rice. A Burmese who accompanied the horses was charged with illegal entry.

Maj-Gen Phairot said he believed that during the past year at least 100 tons of food had been smuggled out of the country to assist the minority armies.

The MTA was yesterday resisting the Burmese Government's warning to abandon its stronghold at Yon. Rangoon has threatened to crush the MTA if it does not withdraw from the stronghold before the end of next month.

Arms Cache Discovered Near Burma Border

BK2908155495 Bangkok Radio Thailand Network in Thai 1200 GMT 29 Aug 95

[FBIS Translated Text] According to a report from Radio Thailand's correspondent in Mae Sot District, the Military Unit No. 34, operating along the Thai-Burmese border areas since 27 March, yesterday captured a huge quantity of war weapons hidden in the forest area of Phadi village in Phop Phra District of Tak Province. The ordnance comprised eight M-16 rifles; 36 barrels of M-16 rifles; 33 AK rifles, eight machine guns, one 12.7-mm anti-aircraft artillery pieces, five SKS rifles, two 60-mm and 81-mm mortar grenade launchers, three antitank rocket launchers, 11 antitank mines, 42 TNT bars, 8,500 rounds of M-16 ammunition, 11 boxes of antiaircraft ammunition, 22 rounds of recoilless ammunition, three RPG rockets, 12 sets of bomb triggering devices, and seven items of other kinds of weapons.

The weapons are in perfect and usable conditions. It is believed that they belong to the KNU [Karen National Union] active along the Thai-Burmese border. The weapons were hidden in the forest following the heavy suppression drive by the Burmese Government, and will be used for fighting after the rainy season.

Colonel Suwit Maenmuan, deputy commander of Military Unit 34, said that the capture of the war weapons has proved that we do not support any foreign forces nor allow them to use Thai soil as their operation bases. He stressed that the policy of the armed forces is that

only refugees, not war weapons, are allowed to be inside Thai territory.

Burmese Junta Condemned for Failure To Change

BK2808033995 Bangkok THE SUNDAY POST in English 27 Aug 95 p 22

[Comment by Ethan Casey: "The Slorc Can't Hide the Truth"]

[FBIS Transcribed Text] The author of one well-received recent book on Burma once remarked that the situation in that unhappy country is not doubly but trebly Orwellian: it is part Nineteen Eighty-four, part Animal Farm, and part Burmese Days.

Recent developments show Burma becoming ever more Kafkaesque as well, as a "freed" Aung San Suu Kyi wanders about like a laboratory animal in a maze or — more appropriately — like a prophet, crying in a political and media wilderness, with few in her own country able even to hear what she says and, let us be honest, very few in the outside world even aware of her existence or of just how appalling conditions have been and remain in Burma.

We in Thailand are more aware because we are right next door, but how many people in a provincial city in America or Europe have the remotest clue? Too often in our postmodern world, if we don't read or hear about something in the media, we presume to absolve ourselves of the duty to acknowledge that it happened. Orwell was right, after all.

A prophet is not without honour except in his own country, said Jesus. Truer words were never spoken about Aung San Suu Kyi. But there is a reason prophets, true ones, usually are relegated to the wilderness: what they have to say usually is both true and unwelcome.

But as Haitian president Jean Bertrand Aristide, himself a prophet though a flawed one, once said: "Hiding the truth is like trying to bury water. It seeps out everywhere."

So Orwell was right, but there remains hope — always. As an elderly Kashmiri who has seen a lot of history and heard a lot of lies in his own country said recently, with the kind of calm that bespeaks a hard won serenity (like that exuded so palpably by Suu Kyi): "Whatever may happen, truth is truth."

These musings come to mind on the occasion of two news items published in Wednesday's BANGKOK POST. The signal for the British Broadcasting Corporation's Burmese-language service has been jammed, almost certainly by or at the behest of the illegitimate junta in Rangoon. The jamming began shortly after a

BBC interview with Aung San Suu Kyi was broadcast in Burma, according to the head of the BBC Asia-Pacific service.

And Mrs Suphatra Matsadit, a member of the Democrat Party belonging to the Opposition, and reporters from a major Bangkok newspaper were denied visas to enter Burma to videotape a speech Suu Kyi had been invited to give at a meeting of private women's groups in Beijing at the end of this month, connected to the United Nations Conference on Women.

Quite evidently, the Slorc [State Law and Order Restoration Council] believes it has succeeded in arrogating to itself so much power and control in Burma that it can take the calculated risk of "freeing" Suu Kyi, thereby freeing itself of much of the pesky bad press it has been getting these last six years, at the same time quietly but blatantly tightening the screws one or two more turns.

Apparently, if the Slorc has anything to say about how things develop in the post-house arrest era, which it certainly plans to do, there will be no true opening-up, no true dialogue, no true relief for Burma's people. In this context the "release" of Suu Kyi seems like a supremely cruel practical joke.

One of the many ironies, of course, is that Asean and many business people and journalists seem to have been under the self-serving and rather smarmy impression that Burma was "opening up" and that that might be in some vague sense a good thing. Would that it were true, as many of us wishfully believe, that economic liberalisation actually did lead to the liberalisation of human rights. But it does not, as author W.J.F. Jenner observed in a very similar context in *The Tyranny of History: The Roots of China's Crisis*.

Like most prophets, Suu Kyi says things people don't like to hear, puts before us terrifying alternatives, choices we would prefer not to have to make. "We have to choose between dialogue and utter devastation," she said the day after her "release".

The obvious implication of this true assertion is that if the people and/or the junta in Burma choose, for whatever reason, to eschew dialogue, they will thereby be choosing — freely, because they will have been warned — utter devastation. How much easier things would be for us humans if we were not constantly faced with difficult choices and the prospect of bad things like utter devastation befalling us if we choose the wrong option.

Alas, the world is the way it is. But what is the problem, anyway? Surely even the Slorc can see that dialogue is preferable to the alternative. Unfortunately, though, not

everyone sees things or defines terms the way Suu Kyi does.

Later this year the Slorc-sanctioned "National Convention" will allege to have officially institutionalised the political role of the Burmese military.

But whatsoever happens, truth is truth. The truth is that the Slorc came to power by brute military means in September 1988, after thousands of people were killed by soldiers on the streets of Rangoon solely because they were demonstrating in favour of democracy.

That the National League for Democracy led by Suu Kyi won democratic elections held in May 1990 by a huge landslide, that the junta decided unilaterally to annul those inconvenient poll results.

That Suu Kyi was kept under house arrest for six years for no legal or justifiable reason, and that hundreds of other dissidents remain imprisoned; that thousands have been killed, enslaved, tortured and raped by agents of the regime.

The Slorc can jam the BBC's Burmese-language signal; the Slorc can deny visas to foreigners it deems likely to tarnish its image. But hiding the truth is like trying to bury water; it seeps out everywhere. Make no mistake: the day of reckoning for the status quo in Burma is approaching. Whether what follows is something better or utter devastation depends almost entirely on whether the Slorc is willing to choose dialogue.

Agreement With SRV on Gulf Said 'Closer'

*BK3108040595 Bangkok BANGKOK POST
in English 31 Aug 95 p 7*

[Report by Phanrawi Tansuphaphon]

[FBIS Transcribed Text] Thailand and Vietnam have come a step closer to settling disputed continental shelves in the Gulf of Thailand.

They have agreed that Tho-Chu, a small island off the coast of Vietnam, should serve as the basis for delimitation in accordance with international law.

The agreement was reached yesterday after three days of talks co-chaired by Krit Kanchanakunchon, director-general of the Foreign Ministry's International Law and Treaty Affairs Department, and his Vietnamese counterpart Nguyen Qui Binh.

It was the fifth round of talks between experts from the two countries.

"Tho-Chu island will serve as the basis for delimitation," Mr Krit told reporters after the meeting. "We are very happy with the outcome of the meeting."

Both sides are due to hold a sixth round of talks in Vietnam as soon as possible in order to draw the delimitation line and finally settle overlapping claims over 6,500 square kilometres in the Gulf of Thailand.

Binh said Vietnam had wanted to take time to carefully study international laws and options available for settlement.

"Now we are in the right direction. We have made good progress," he said.

Both sides have worked on the issue as "friends" and have become closer, he said, but he added that they need to become "ever closer".

A source at the meeting said the two sides should be able to conclude delimitation at the next meeting, to be held as soon as possible in Vietnam.

APEC Officials Urge Speeding Up Free Trade

BK3008144395 Bangkok Radio Thailand Network in Thai 1200 GMT 31 Aug 95

[FBIS Translated Text] Narongchai Akkharaserani, the Thai delegate in the delegation of senior APEC [Asia Pacific Economic Cooperation] officials, today noted the recommendation of the group — the third report — to APEC leaders. He said the report urges APEC to consider speeding up the implementation of free trade by cutting in half the period previously agreed to at the World Trade Organization in compliance with the negotiations in the Uruguay round. APEC should avoid trade and investment disputes by instituting systems to achieve compromise and jointly reform the business and management practices for mutual benefit. At the same time, APEC members should strive to link NAFTA and AFTA and for free trade and investment throughout APEC as well as with other countries. APEC should also jointly study macroeconomic cooperation and support measures through the IMF to prevent international financial crises. They should jointly engage in the development of personnel, infrastructure, and public facilities which are essential for the implementation of free trade and investment by the targeted year of 2020.

The report of the delegation of senior APEC officials was forwarded to APEC members on 30 August. APEC leaders are expected to study the report at their meeting in November this year in Osaka. A decision by the APEC leaders in Osaka should advance APEC toward implementing the agreements reached since the first APEC summit in Seattle in 1994.

Liberalization of Banking in ASEAN Sought

BK3008063895 Bangkok BANGKOK POST in English 30 Aug 95 p 26

[Report by Wichit Sirithawiphon]

[FBIS Transcribed Text] Thailand will push for the liberalisation of the banking sector within ASEAN, Finance Minister Surakiat Sathianthai announced yesterday.

Dr Surakiat, who serves as Thailand's representative to the ASEAN Free Trade Area [AFTA] Council, said Thailand was the most prepared to open up banking services.

The AFTA Council and the ASEAN Economic Ministers [AEM] are scheduled to meet early next month and plan to focus on two primary issues.

The first issue is the plan to include unprocessed agricultural products under the framework to reduce tariffs and establish an ASEAN free trade area.

Called the Common Effective Preferential Tariff [CEPT] scheme, the plan calls for the reduction of tariffs applied on many goods traded within the region to a maximum of 5% by 2003. Previous agreements applied CEPT to manufactured goods and processed agricultural products.

Agricultural ministers of the ASEAN nations decided this past week in Singapore to include unprocessed agricultural products in the tariff reduction programme.

The second major issue on the table will be the liberalisation of financial services.

Dr Surakiat said the upcoming AEM and AFTA Council meetings would try to reach resolutions on both issues so a firm course of action could be ready for approval at the upcoming ASEAN leaders' summit in December in Bangkok.

He said any cooperative agreement to open up the ASEAN financial sector would likely be more comprehensive and broader than the rules stipulated in the General Agreement on Trade in Services [GATS].

GATS, a multilateral accord under the auspices of the World Trade Organisation, involves the liberalisation of a wide range of financial services. However, the GATS process has been stalled in the past year by US complaints that developing markets have not agreed on comprehensive or rapid enough liberalisation.

Dr Surakiat said the Finance Ministry would consult with the Thai Bankers' Association on how to liberalise the banking sector within ASEAN.

He added that liberalisation would benefit the Thai industry as a whole.

Speaking about CEPT, Dr Surakiat said Thailand would push for the inclusion of the highest number of unprocessed agricultural products possible under AFTA.

However rice will probably not be included in the free trade programme since some members of ASEAN have expressed fears that their markets would be overwhelmed by Thai rice. Thailand is presently the world's leading rice exporting nation.

During the Chuan Likphai government, Thailand, under former finance minister Tharin Nimmanhemmin, pushed strongly for rice to be included in the liberalisation programme.

Ultimately, rice was placed on the so-called sensitive list to be handled by the AFTA Special Arrangement mechanism.

The specifics regarding tariff reductions on sensitive products, which include rice, cocoa and coffee, will be decided at next month's Brunei meeting.

The Banhan Sinlapa-acha Government, meanwhile, has been relatively understated on the inclusion of rice in AFTA. Dr Surakiat said rice was a controlled crop for each of the ASEAN countries and each government had to include rice on its sensitive list to protect its internal rice industry.

Fact-Finding Team in Japan for Development Talks
BK2708135095 Bangkok THE SUNDAY NATION
in English 27 Aug 95 p A2

[FBIS Transcribed Text] National Security Council [NSC] chief Charan Kunlawanit yesterday led a fact-finding team on a week-long visit to Japan to discuss bilateral cooperation in the development of Indochina, an informed source said.

The delegation would discuss Thailand's potential role as a springboard of Japanese development assistance to the countries, he said.

It follows a visit last week by Japanese Deputy Prime Minister and Foreign Minister Yohei Kono to Thailand and Cambodia, during which he reiterated Japan's intention to play an active role in the reconstruction of Indochina.

Tokyo hosted the first round of the international Forum for Comprehensive Development of Indochina in February, which focused on integrating planning for projects by regional aid agencies and individual governments to avoid duplication.

Charan is expected to meet senior people in government and the private sector, as well as academics involved in drafting Japan's blueprint for the comprehensive development of Indochina, according to the source.

In 1993 the NSC spearheaded a series of conferences involving inter-government agencies to prepare a master plan for the country's short and long-term strategies towards neighbouring countries.

The blueprint, which is subject for revision every two years, is aimed at giving authorities guidelines for implementing the government's policy towards these countries, in particular the three Indochinese states and Burma.

In his government's policy statement, Prime Minister Banhan Sinlapa-acha emphasized a pro-active approach to neighbouring states.

The government wants Japanese involvement in its planned setting up of an Indochina Fund to encourage foreign investment in these countries.

The Japanese foreign minister, however, reacted coolly to the Thai approach, but agreed to consider it within the frame work of its own development blueprint.

Army Radio Commentary Controversy Continues

Chawalit Reprimands Author

BK2908154595 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 29 Aug 95

[FBIS Translated Text] Defense Minister General Chawalit Yongchaiyut said the article broadcast by Sayammanutsati Program criticizing the way the government tackles the problem of high prices of commodities was not intended to create pressure on the government in connection with the annual reshuffle of military officers.

The defense minister criticized the author of the said article for using inappropriate tone and language. Articles of this nature were always reprimanded and banned in the past. From now on, officers in charge will have to be more careful not to release such an article because it can have negative impacts on the government. He said:

[Begin Chawalit recording] There should not be any more articles of this nature. We, the military, have repeatedly reaffirmed that we have no intention of interfering in the matter, in particular anything that can cause political changes. Government officials have to be cautious in making any statement that may offend the government because it is against the established rules and regulations. [end recording]

Meanwhile, Army Spokesman Colonel Phalangkun Klanhan said that the army commander had not issued any order restricting the operation of the army media. However, the army media will continue to present the people's problems and hardships as officials in charge deem suitable. The author of the said article has not faced any punishment.

Banhan Discusses Public's Feeling

*BK3008061895 Bangkok BANGKOK POST
in English 30 Aug 95 pp 1, 6*

[FBIS Transcribed Text] The promotion of certain military officers involved in the Bloody May 1992 suppression of pro-democracy protesters will to a degree hinge on the feeling of the public, Prime Minister Banhan Sinlapa-acha said yesterday.

He said the feeling of the public will have to be taken into consideration in weighing the promotion of certain military officers.

The Prime Minister made the statement when asked if Gen. [General] Chainarong Nunphakdi, who as First Army Region commander was in charge of troops which opened fire on unarmed demonstrators, would be promoted to assistant army commander-in-chief.

Mr. Banhan at first tried to sidestep the question, saying that it depended on the proposal of the Army and opinion of Defence Minister Chawalit Yongchaiyut.

But when pressed by reporters on whether he will take the feeling of the people into consideration, the Prime Minister said: "Yes it must be looked at."

"I will have to listen to opinions from the Army too, but if we have doubts about a certain person we can ask if his nomination is appropriate and if there would be problems with other sides or with the people."

However, he said that he will have to listen to the opinions of the military commanders first since they have to be respected on such a sensitive issue.

The leaders of the coalition parties yesterday discussed the Sayammanutsati military radio programme attacking the Government, a cabinet source said, adding that they thought it was aimed at pressuring the Government not to touch the annual military reshuffle list.

Gen. Chawalit is understood to be opposed to the promotion of Gen. Chainarong and other military figures involved in the Bloody May crackdown on pro-democracy protesters.

Gen. Chainarong, brother of former National Peace-keeping Council strongman Gen. Itsaraphong Nunphakdi, is said to have been proposed by Army Commander Wimon Wongwanit for the post of assistant

army commander. This would pave the way for Gen. Chainarong taking the army chief post at the next reshuffle.

Gen. Chainarong is at present chief of the army commander's staff officers. He will not reach retirement until 1999.

Mr. Banhan said that he did not want to get involved in the military reshuffle and the matter would rest largely with Gen. Chawalit. However, he said he would consult the Defence Minister so he will not make the decision alone.

Asked if ultimately he would follow the armed forces recommendation or the people's feeling, Mr. Banhan said that would depend on if the armed forces have good reasons and if the person is capable.

Pressed further about what he would do if the reasons given by the armed forces conflicted with the feeling of the people, Mr. Banhan said that this is something that he will have to weigh up at the time and things have not yet reached that stage.

Asked about certain army factions using military radio to pressure the Government on the reshuffle, Mr. Banhan said that Gen. Wimon had already said that he will not get involved in politics.

The Sayammanutsati editorial, criticising the Government's failure to control prices, was written by a civilian who wrote what he felt after seeing how expensive things are, Mr. Banhan said.

He said that he has ordered the Commerce, Agriculture and Finance ministries to take action to resolve the situation of expensive commodity prices and spiralling inflation.

Meanwhile, Gen. Chawalit who cabinet ministers said briefed them on the military radio attack, denied that he had said a single word on the subject at the meeting of the coalition party leaders.

Although the Prime Minister and other ministers told reporters that the meeting had discussed the Sayammanutsati programme, Gen. Chawalit maintained it was not discussed at all.

"We talked only about the demolition of the two bridges (on Wiphawadi Rangsit Road)," Gen. Chawalit said.

He said he was not interested about the radio programme because he knew why it happened and what points should be corrected.

He said that Sayammanutsati was just a small programme under the Internal Security Operations Command. The writer was a nice man but sometimes wanted to make his editorial "hot".

"The writer is just one man and cannot reflect the opinion of all the armed forces," Gen. Chawalit said.

He said that Defence Ministry regulations forbid articles that undermine the Government and the writer has been reprimanded so as not to let this happen again.

He said he did not want to be too strict because he wanted to be open hearted and listen to the opinions of every group including the armed forces. However, their criticism and analysis must be clear.

Gen. Chawalit said criticism of the Government's attempt at political reform by the Army News, a bi-weekly army newspaper, and the attack by Sayammanutsati did not amount to a conspiracy.

The New Aspiration Party leader also said that those who think the armed forces are trying to pressure the Government over the reshuffle are suffering from "an upset stomach and high temperature".

He said that he has not yet received the annual military reshuffle list.

Meanwhile, army spokesman Col. [Colonel] Phalangkun Krahan also denied the two incidents were designed to pressure the Government not to touch the reshuffle list.

Col Phalangkun said that the writers had only tried to generate thought on the subjects and were exercising their political rights to criticise.

Wimon Blames Press for Tension

*BK3108053195 Bangkok THE NATION in English
31 Aug 95 p A2*

[FBIS Transcribed Text] Army Commander-in-Chief Wimon Wongwanit yesterday continued to defend the Army's upcoming reshuffle, insisting that the military-government relationship is "at its best" and the present tension with the government is the result of media sensationalism.

Wimon also defended recent military criticism of the government, saying it was carried out within a democratic framework.

The retiring Army chief said indirectly that an investigation had cleared Gen Chainarong Nunphakdi of charges he played a role in the May 1992 bloodbath. Chainarong is set to become Army chief of staff in October.

"There has been no whitewash in the investigation. We have strong evidence, which I don't want to review or else old wounds could be reopened," Wimon said. "Please don't use (public) sentiment to obstruct him (Chainarong)."

Wimon's comment came one day after Prime Minister Banhan Sinlapa-acha said public feelings must be taken into account when Defence Minister Chawalit Yongchaiyut reviews the reshuffle list. Tension has been high over the past two days following speculation linking the Chainarong issue to Army radio and newspaper commentaries attacking the government.

"The relationship between the military and the government is now at its best," Wimon said. "The prime minister has never inquired about the personal opinions voiced through the military media. The rising cost of living (featured in an Army radio commentary last week) is not a political issue. When prices of goods rise, soldiers are affected as well. Our media just wanted to reflect the situation like other media."

He noted that even "an English language newspaper" which tried to "politicize" the Army commentary on the cost of living had also been forced to raise its price because of inflation.

"If the government can solve the problem, soldiers will be happy, no matter how much we may be scolded [for criticizing the government]," Wimon said.

He reminded his critics that he is retiring at the end of September. "In one month I will retire, so please don't pit me against anybody," he said.

"All criticism voiced by military individuals has not gone too far, but some reporters have misinterpreted the criticism as signs of a new coup. People who smell a coup now are like people who have a foul body odour but think the smell is coming from others," Wimon said.

He dismissed the possibility of a coup although he said "I can't make a long-term guarantee lasting 100 years."

Meanwhile, Lt Gen Chaturit Phromsaka na Sakon Nakhon, an assistant Army chief of staff said to have been behind the radio commentary, has denied the programme was politically motivated.

"But Lt Gen Chaturit is ready to take all responsibility if the government is to upset," a source said.

Officer Apologizes for 'Confusion'

*BK3108034195 Bangkok BANGKOK POST
in English 31 Aug 95 pp 1, 3*

[FBIS Transcribed Text] The high-ranking army officer responsible for the army controlled Sayammanutsati radio programme yesterday apologised for confusion caused by one of the harshly-worded programmes recently.

Army Assistant Chief-of-Staff for Civilian Affairs Chaturit Phromsaka na Sakon Nakhon, who is responsible

for the Sayammanutsati radio programme, said the programme was not designed to provoke confusion.

"I am very sorry to see that our radio programme has caused confusion. I would like to stress that we had no intention of creating confusion," said Lt-Gen Chaturit.

Lt-Gen Chaturit, a former army secretary and a close associate of Gen Chainarong Nunphakdi who was tipped to become new assistant army commander in the annual military reshuffle, said he had already called a meeting with committee members supervising the army radio programme to discuss the issue.

"We genuinely had no intention to rock the Government or use the programme to disseminate anything affecting the Government," he claimed.

Lt-Gen Chaturit said he was sorry about the incident which had had a negative impact on the Army, saying that since Gen Wimon Wongwanit was named army commander three years ago he had tried his utmost to improve the Army's image.

"It's a pity that mistake had occurred and I have to show my responsibility," said Chaturit who did not elaborate on what kind of responsibility he would take.

He urged reporters not to sensationalise the incident otherwise it might further cause division in the country.

Lt-Gen Chaturit said Chamnong Thepsawat who wrote the controversial commentary which was broadcast nationwide through the army radio network had already come to see him and admitted his guilt over the incident.

"He has asked for forgiveness as he had no such intention to cause tension but just wanted to reflect reality in society. But he might have used harsh words in the last paragraph of the article," said Lt-Gen Chaturit.

Meanwhile, Gen Wimon took the BANGKOK POST to task yesterday, accusing the newspaper of distorting facts and causing misunderstanding among foreigners about the Army's controversial commentary.

He said he didn't mind if criticism was levelled at the Army for broadcasting the commentary on the price rise of commodities because he believed the people in general would benefit in what the Army had done.

The general said he had sympathy for the Government for having to confront the problem which, he noted, must be tackled collectively by the Banhan administration, government officials and the people.

He pleaded with the Press not to view the Army in a negative light. "Everyone has good intentions, but each sees it from a different perspective. I will retire in the next 31 days, so please do not put me on a collision course with other people," he said.

Gen Wimon maintained that the relationship between the Government and the Army remains very close. He said Prime Minister Banhan Sinlapa-acha carried no grudge against the Army over the criticism on the price increases of commodities.

Asked by a reporter about the military reshuffle list, the army chief said that the issue was totally unrelated to the controversial commentary.

When asked whether public sentiment should be taken into consideration over the reshuffle, Gen Wimon shot back: "Does it mean listening to you people? What do you know about the military? You do not know anything. This is provocation."

The army chief claimed that the Army had its own White Paper about the Black May incident. But he said the contents of the paper could not be publicly disclosed because it could cause disunity in the country.

Deputy Army Commander-in-Chief Gen Phaibun Emphan, meanwhile, indicated without naming names that the BANGKOK POST had ulterior motives against the Army.

He also admitted that the army radio had made a mistake for allowing the commentary to be aired without proper control.

Editorial Views Reshuffle

BK3108050795 Bangkok THE NATION in English
31 Aug 95 p A4

[Editorial: "Sayammanutsati: Don't We Trust Our Democracy?"]

[FBIS Transcribed Text] Coup jitters? Scenarios of tanks rolling out on the streets of Bangkok? Are we just allowing our imagination to stretch too far?

Last Friday's broadcast of the Army radio programme Sayammanutsati, put together by the civilian affairs department at the Supreme Command seemed to imply, according to the Campaign for Popular Democracy, that "only a white knight could save Thailand now." The radio editorial centered its comment on the rising prices plaguing the country, with its full effects felt by the lower middle class and the poor.

The consumer price index rose 5.8 per cent in the 12 months to July and it was running at 5.2 per cent for the first seven months this year.

This however has been common knowledge in the country, and it so happened that the Banhan administration has had to bear the full brunt of rising prices during its honeymoon period. So why are we getting chills down

our spines over the editorial? When the generals talk, do we have to pay heed?

The events of bloody May 1992, were a turning point in Thailand's politics and the hard-won gains on the streets of Ratchadamnoen were translated in the form of a civilian government free from the control of the military. The Chuan Likphai government that emerged in September 1992 kept the military at arms length, and Army chief Gen Wimon Wongwanit vowed the armed forces would distance itself from politics.

In the post-Chuan era, a mere comment from an army officer has caused widespread panic in the country. It's besides the point whether the generals had their hand in the Sayammanutsati editorial or the officer in question "was just trying to spice up his article." The issue at hand is why have we become so insecure suddenly?

The current behaviour displayed by many Bangkokians is an affront to the families of those who laid down their lives in the events of bloody May. Three years ago many Thais vowed to cherish democracy and never to allow the military to meddle in civilian politics. The radio editorial could have easily been ignored and the fact that it was played up by certain quarters just goes to show how much faith they have in the country's democratic process.

One line of thought is that the radio commentary was meant to serve as a warning to Defence Minister Chawalit Yongchaiyut to lay off the upcoming military reshuffle. Certain controversial officers who had a hand in the May 1992 shootings are expected to occupy top positions in the military hierarchy.

For one, the military would have to contend with public opinion and its international credibility. A general who had been implicated in May 1992, was sometime back denied an entry visa to a Western country. In connection with that, would it enhance Thailand's international standing if he was promoted in the forthcoming reshuffle? If the military is serious about its pledge to be people-friendly, would it serve any purpose by bringing him back into the fold? These are serious questions which need serious answers from Gen Wimon.

One thing has been made clear from these happenings over the past week. The Army cannot afford to get involved in politics because it will ultimately, like a cancer, destroy them. Questions over the current reshuffle should serve as a harbinger of further woes. Young, competent and professional officers who stand to be promoted now seem to have come under a barrage of public criticism, by virtue of having previously been dragged into politics by their superiors.

A note of caution however must be injected. Under no circumstances must Chawalit try to politicize the military reshuffle in order to shore up his popularity. This would tantamount to adding fuel to a fire that all quarters are trying to put out. Also, the Banhan administration must snap out of its current lethargy and get things off the ground, especially in its bid to tackle high inflation. The Chat Thai leader must be seen as consolidating democracy instead of having a lackadaisical attitude about it. Bangkokians underwent a mental revolution when they shed their blood on Ratchadamnoen Avenue. Now it's the turn of the old-styled politicians in Banhan's Cabinet to open up their minds to progressive ideas.

The military will soon come to a realization that it also is answerable to the democratically elected government of the day. Thais did not die for nothing in May 1992, and towards that end it would be self-defeating if we just allowed our-emotions get the better of us.

Chinese Daily Reacts to Program

BK3108105995

[FBIS Editorial Report] Bangkok XING XIAN RIBAO in Chinese carries an editorial and a commentary on 28 and 29 August, respectively, dealing with an article broadcast by the Army radio program Sayammanutsati criticizing the government over the problem of soaring consumer prices.

The paper carries a 500-word editorial on 28 August on page 2 entitled: "The Military Has Issued a Warning to the Banhan Government." It says that Prime Minister Banhan Sinlapa-acha was shocked when asked to comment on the Army radio program. The editorial says the program was broadcast by Army-run radio stations that can be received all over the country and even in foreign countries. Foreign news agencies immediately reported the broadcast, which has been described as a blow to the government.

The daily adds: "If the article had been broadcast by an ordinary radio station or carried in a newspaper, it would have been nothing strange. Thailand guarantees the freedom of speech, and there have been articles that were even more critical. This broadcast is considered special, however, because it was broadcast by the Army radio." Since the broadcast, news about military interference in politics or a possible coup has spread like wildfire.

The editorial goes on to review the details of the article on inflation and the government's failure to tackle the problem. In conclusion, the editorial says: "The Banhan government has been in office for about a month. Its performance is merely acceptable. Banhan should take

the Army radio article as a warning and remind his cabinet ministers not to make any mistakes. Otherwise, not only the military but the people as well will rally to attack the government."

The daily carries a 400-word commentary by Liu Yintong on 29 August on page 8 entitled: "The Army Radio Article — Mistaking the Reflection of a Bow in a Cup for a Snake." The commentary says the Army radio article criticized the Banhan government for its failure to solve the inflation problem. It quotes the Army radio article as saying: "We Thais still hope that in the near future we will have a bold leader to bring fairness to our society. If such a leader is found, the unreasonably high price of products will not be an issue." The commentary goes on to review how the Army radio attacked politicians in the former Chachai government before the National Peacekeeping Council finally staged a coup. It says: "Now this program has used the problem of high consumer product prices to criticize the government. Its past role remains fresh in people's memories. They are afraid that history will repeat itself and are suspicious about the military's policy of noninterference in politics." Nevertheless, the commentary says the article on the inflation problem should not be linked to past negative experiences. It also says that in the era of globalization, popular political awareness has increased. The theory of "seizing on an incident to exaggerate matters" prior to a coup is illogical.

In conclusion, the commentary says the government should learn from others to offset its weaknesses, solve problems through concrete action, and improve the national economy and people's livelihoods. In so doing, the government will not only win public trust but will rule out the possibility of third party interference.

Vietnam

Foreign Ministry Reiterates Spratlys Stand

*BK3008151395 Hanoi VNA in English
1459 GMT 30 Aug 95*

["FM Spokesperson Refutes China's Absurd Statement on Truong Sa (Spratlys)" — VNA Headline; quotation marks as received]

[FBIS Transcribed Text] Hanoi VNA August 30 — The Vietnamese Foreign Ministry (FM) spokesperson has come out against the recent signing of a contract on oil exploration and exploitation between China and the American Crestone Oil Company, describing it as an illegal action violating Vietnam's territorial sovereignty.

In reply to some news reporters' questions about the August 29 statement of a Chinese Foreign Ministry spokesperson on China's 'indisputable sovereignty'

over the Truong Sa (Spratly) islands, the Vietnamese Foreign Ministry spokesperson today said:

'Vietnam has time and again reiterated its sovereignty over the Hoang Sa (Paracels) and the Truong Sa (Spratlys), as well as has regarded the signing of contracts between the Chinese National Ocean Oil Company (CNOOC) and the Crestone Oil Company of the United States on oil development in the Tu Chinh area under Vietnam's sovereignty as an illegal move violating Vietnam's sovereignty and contrary to principles of international law and practice, especially the 1982 UN Convention on the Law of the Sea.'

Regarding Vietnam's oil exploration in Tu Chinh, the Vietnamese FM spokesperson stated: 'That Vietnam has carried out and will carry out normal exploration and exploitation of natural resources in the Tu Chinh area entirely comes under its sovereignty and in line with international law.'

Foreign Minister Discusses Relations With EU

*BK3108103495 Ho Chi Minh City SAIGON GIAI
PHONG in Vietnamese 21 Jul 95 p 2*

[Interview with Foreign Minister Nguyen Manh Cam by Tran Hoang Ha at Hanoi's Noi Bai International Airport; date not given: "Taking Vietnam-EU Relations to a Higher Level of Development"]

[FBIS Translated Text] [Tran Hoang Ha] Dear Foreign Minister: What is your appraisal of the just-signed Vietnam-EU Cooperation Agreement?

[Nguyen Manh Cam] The agreement represents notable progress in Vietnamese-EU relations following the normalization of relations between the two sides in November 1990. The EU leaders, members of its Asian Committee, and foreign ministers that attended the signing ceremony held that this marks a significant development ushering in a new stage of cooperation between Vietnam and the EU. This development and two other important events — namely, the normalization of relations between Vietnam and the United States and Vietnam's full membership in ASEAN — have collectively created new conditions and opportunities for our country to expand its relations with the world, including its cooperation with the EU.

[Tran Hoang Ha] I understand that this is a framework agreement specifying cooperation between Vietnam and the EU in the days ahead. Could you elaborate on the areas of cooperation mentioned in the agreement?

[Nguyen Manh Cam] This agreement serves as a significant legal basis and a firm foundation for accelerating

Vietnam-EU relations in many areas, including the economic, trade, investment, scientific-technological, educational, environmental, and drug suppression domains. The agreement also stipulates that both sides will grant each other most favored nation status to create favorable conditions for trade exchanges and for the implementation of general provisions related to taxes and commerce. Both sides will also create the conditions for investment promotion.

[Tran Hoang Ha] What is the potential for the development of Vietnam-EU relations following the signing of this agreement?

[Nguyen Manh Cam] Currently, efforts are being made to strengthen Vietnam-EU relations and cooperation in various areas as stipulated by the agreement. In September, Mr. Manuel Marin, deputy chairman of the EU Asian Committee, will visit Vietnam to discuss with our leaders various measures to promote bilateral relations. Later, EU specialists will visit Vietnam to discuss concrete cooperation programs and projects.

[Tran Hoang Ha] It seems that we are paying special attention to exchanging most favored nation status between Vietnam and the EU. What is its significance?

[Nguyen Manh Cam] We have already exchanged most favored nation status as part of our cooperation with some individual EU countries. Now the EU, a major established regional organization in Europe, has also decided to grant us this status. This will provide favorable conditions for Vietnam to export goods and import merchandise from all EU member countries.

[Tran Hoang Ha] Could you elaborate more concretely on the trade domain?

[Nguyen Manh Cam] Vietnam and the EU signed a textile trade agreement three years ago. Since then, the volume of Vietnamese textile exports to the EU has increased steadily. The two sides are now negotiating an increase in the quota for Vietnamese textile exports to the EU. Currently, Vietnam exports about \$200 million worth of textiles to the EU annually. In the future, it is expected that the volume will increase 40-50 percent.

[Tran Hoang Ha] Besides textiles, Vietnam also has agro- forestry-fishery products, handicraft items, and consumer goods. Are there any prospects for exporting these goods to the EU?

[Nguyen Manh Cam] Once we grant each other most favored nation status, there will be absolutely no obstacles facing Vietnamese exports to the EU. The problem is that we must strive to meet the EU's demand for high-quality goods. The two most important issues in trade relations are market access and quality. We now

have access to markets in 15 EU member countries, but whether or not we can expand trade to these countries depends on the quality of our goods. We must also strive to study the EU markets to determine the extent of demand and their saturation point. I think the expansion of our relations with the EU, ASEAN, and the United States requires our producers and exporters to ensure the high quality of our products so as to compete with other countries.

[Tran Hoang Ha] Has the EU pledged to provide Vietnam with development aid?

[Nguyen Manh Cam] In the past, the EU has provided assistance to Vietnam to help it develop in the educational and public health domains, shift to a market economy, and resettle Vietnamese repatriates from Hong Kong. During two international conferences of Vietnam donors held in Paris in late 1993 and 1994, the EU decided to provide Vietnam with an aid package of almost \$40 million per year. In the days ahead, the EU will accelerate various aid programs to Vietnam, including a project on protecting natural forests in Nghe Tinh, a long-term educational and training program, and a public health program to prevent disease and promote the physical fitness of children and the elderly. Moreover, the EU will also help Vietnam fight hunger and poverty to improve the people's daily lives, especially in remote areas. Many EU delegations will visit Vietnam in the near future to study Vietnam's ability to cooperate and to reach agreements on EU assistance programs. In the past, the EU has provided Vietnam with nonrefundable aid. If we have good projects that win EU approval, the organization may increase its aid in this regard.

[Tran Hoang Ha] How will the agreement affect bilateral relations between Vietnam and individual EU members?

[Nguyen Manh Cam] Actually, this agreement supplements the bilateral relations between Vietnam and EU member countries. The EU has pledged to create conditions to accelerate cooperation and investment in Vietnam by the companies and corporations of its member countries. This means that while each EU member country is accelerating its cooperation with Vietnam, the EU has a mechanism to help European corporations invest more in Vietnam.

[Tran Hong Ha] Thank you very much, Mr. Minister.

Vo Van Kiet, Thai Minister Discuss Investment

*BK3008152895 Hanoi VNA in English
1509 GMT 30 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 30 — Prime Minister Vo Van Kiet received here this afternoon

Thai Deputy Prime Minister Sombun Rahong now on a working visit to Vietnam.

Prime Minister Kiet welcomed the Thai Government's goodwill in the expansion of its cooperation with Vietnam in various fields which is in conformity with the benefit and the trend of the friendship between the two countries. He also said that the constant development of the friendly and cooperative relations between the two nations would be a good basis for Thai companies to promote their investment in Vietnam. He pledged that the Vietnamese Government would provide the Thai businesses with favourable conditions to effectively implement their investment projects in Vietnam.

He said he wished for further development of the friendly and cooperative ties between Thailand's SAS company with Mr. Sombun as honour president, and Hanoi capital in particular, and Vietnam and Thailand as a whole in line with the potential and tradition of the two countries, and with the interests of peace, friendship and development in Southeast Asia.

For his part, Mr. Rahong conveyed best greetings from the Thai Government and the prime minister to the Vietnamese Government and people on their 50th anniversary of the August 1945 Revolution and the national day, as well as on Vietnam's admission to ASEAN. He expressed his satisfaction at the results obtained during the working sessions between the SAS company and the Hanoi authority. He voiced the Thai Government's desire to have cooperation with Vietnam in developing the telecommunications and power energy and to buy from Vietnam's gas.

Economic Statistics for 1994 Released

*BK3008152295 Hanoi VNA in English
1459 GMT 30 Aug 95*

[FBIS Transcribed Text] Hanoi VNA August 30 — In 1994, gross domestic product was VND [Vietnamese dong] 170,000 billion, up by 8.8 percent compared with the previous year. The annual growth rate was 7.8-7.9 percent for the 1991-1994 period.

— The total foodcrop output in 1994 was 26 million tons, 4.7 million tons and 12.7 million tons more than in 1989 and 1976 respectively. The paddy output alone reached 23.4 million tons. In the 1990—94 period, foodcrop output increased by one million tons each year. Per capita production was 358.5kg, compared to 301.5 kg in 1976 and 257 kg in 1939.

— In 1994, coffee output increased by 12 percent, tea 15.8 percent and dried latex 19 percent compared

with 1993. Aquatic product output was 1,190,000 tons, 115,000 tons higher than 1989.

— Before 1945, there was virtually no industry except a few coal mines where exploitation was done chiefly by hand.

— Total industrial output reached VND 23,170 billion in 1994. Annual industrial growth rate was 0.6 percent in the 1976-1980 period, 5.9 percent in the 1986-1989 period and 13.4 percent in the 1990-1995 period. The oil, cement, electric and steel industries have seen the fastest growth. Oil output in 1994 was 7 million tons, a 2.5-time increase over 1990 and a 4.6-time increase over 1989.

— Electric output in 1994 was 12.69 billion KWH, an increase of 3.9 billion KWH over 1990. It is expected to reach 14.2 billion KWH this year.

— Steel output in 1994 was 280,000 tons. In the 1990-1994 period, steel production grew by 29 percent each year. This year, Vietnam plans to produce 530,000 tons of steel.

— Export value in 1994 was USD 3.6 billion, up by 21 percent compared with 1993. The figure for the 1991-1994 period was USD [U.S. Dollars] 11.2 billion. Among the export goods, agricultural produce made up 45-48 percent, heavy industry and mineral industry 30-40 percent and the light industry and handicrafts 10-12 percent. Vietnam is broadening its export to the EU, the Middle East and North America.

— In 1987-1990, 151 projects with a total capital of USD 1,077 million were licensed in the 1987-1990 period. Up to June, 1995, 1,436 projects had been licensed worth USD 14,386 million. More than 700 companies from 50 countries and territories have invested in Vietnam chiefly in oil exploration and exploitation, industry, tourism and banking. Topping the list of foreign investors are Japan, Republic of Korea, Thailand and Hongkong. Ten giant auto makers in the world are already present in Vietnam. Last year the foreign invested companies achieved USD 354 million in export value.

Report on U.S. Aircraft Downings During War

BK3008083395 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 24 Jul 95 p 2

[Report by Luu Trong Lan]

[FBIS Translated Excerpt] [Passage omitted on the 236th Air Defense Regiment gearing up for countering the U.S. air war against Dong Hoi Township, Quang Binh Province, in 1965] With the approval of the Air Defense-Air Force Command, the 236th Air Defense

Regiment had the 63d and 64th Battalions ready for the first battle in the Chua Ghe and Vo Khuy areas. In addition, the 224th and 234th Regiments, a number of independent battalions, and a network of 10 antiaircraft heavy machine gun emplacements set up by militia and self-defense units in Ha Tay Province were posted in the outer ring to provide protection for missile units and lay an ambush for enemy aircraft once our missiles were moved to new emplacements. On the morning of 24 July, our air defense units in Lam Thao, Phu Tho, shot down the 398th and 399th U.S. aircraft over the north. The news of victory further heightened the determination of the cadres and men of the 236th Regiment to score achievements. At 1500 on that same day, radar warning alerted everyone of the coming of enemy aircraft. The entire regiment was put on alert warning level 1. At 1520, a group of four aircraft came. Acting Regiment Commander Tran Nhan requested permission from the Air Defense Forward Command to annihilate this group of four aircraft. At 1521, a metallic missile bearing serial number ILP246 was launched by the 63d Battalion. Next, other missiles launched by both the 63d and 64th Battalions reached the sky like fiery dragons, leaving behind long trails of white smoke. The battle ended with an F4C (Phantom) being shot down on the spot, and pilot Captain Richardson being captured alive. It was the 400th U.S. aircraft shot down in the north and also the first feat-of-arms of the Vietnam antiaircraft missile corps. [passage omitted on U.S. President Johnson's reaction to U.S. setbacks in North Vietnam]

The situation was calm on 25 July. No U.S. aircraft operated over the northern airspace on that day. At 0900 on 26 July, an unmanned BQM aircraft was shot down on the spot by the 64th Battalion, while conducting reconnaissance at a 20,000-meter altitude. Half an hour later, an RF101 aircraft was also shot down by the 63d Battalion while carrying out reconnaissance over Ha Tay.

Twenty-seven July was considered to be a day of retaliation for the U.S. Air Force. The decision was made by President Johnson himself. Thirty-six F105 (Thunderstorm) took off from Thailand, flew low along the upper bank of the Da River. After passing the Ba Vi and Luoi Hai mountain ranges, they suddenly gained altitude and nose dived and dropped bombs on the Chua Ghe and Vo Khuy areas. Our antiaircraft guns of all calibers opened fire at once after several days of laying in ambush, catching the U.S. air pirates in a fire net. Within 40 minutes, five U.S. aircraft were shot down on the spot. Three U.S. pilots parachuted but were immediately captured alive by our troops and people.

[passage omitted on with Western mass media reporting on U.S. losses in North Vietnam]

Thus, within four days only, by launching four swift battles, the air defense force in Ha Tay shot down eight aircraft and captured alive four U.S. pilots. [passage omitted highlighting the lessons drawn from victories over the U.S. air war 30 years ago]

Since that first victory on 24 July 1965, the Vietnam air defense missile corps spent 10 years engaging in hard fighting and winning glorious feats-of-arms by downing 843 U.S. aircraft, including 57 B-52's. Particularly in the Dien Bien Phu air war that lasted 12 days and nights in late 1972, the antiaircraft missile units in Hanoi and Haiphong fought with unmatched bravery and resourcefulness and won very outstanding victories by downing 38 aircraft, including 29 B-52 flying fortresses, thus greatly contributing to defeating the U.S.-initiated air war strategy based on the use of B-52's. [passage omitted on the Vietnam antiaircraft missile corps receiving heroic unit title for its outstanding performance].

Imprisoned Buddhists Appeal Sentences

*BK3008113695 Hong Kong AFP in English
1126 GMT 30 Aug 95*

[FBIS Transcribed Text] Hanoi, Aug 30 (AFP) — Four members of a Vietnamese Buddhist church jailed for organising a flood relief mission have appealed against their sentences and one has threatened to go on hunger strike, an official said Wednesday.

Four members of the banned United Buddhist Church of Vietnam (UBCV) jailed on August 15 have appealed their sentences for "sabotaging religious solidarity," an official at Ho Chi Minh City's Chi Hoa jail said.

But 24 hours ahead of the appeals deadline, the court had yet to receive an application from the church's second-ranking official, Thich [Venerable] Quang Do, jailed for five years at the trial. He is being held separately.

Thich Nhat Ban, one of six Buddhists sentenced at the one-day trial in Ho Chi Minh City, has written to authorities to protest against the proceedings and threatened a hunger strike if the letter was not delivered, an official said.

The jail official said the letter had been passed on and that Ban was not on hungerstrike, but an overseas Vietnamese human rights group said Ban was refusing food and "was extremely weak and can hardly move."

In a statement faxed here, the Paris-based Vietnam Committee on Human Rights said the 58-year-old monk

and Thich Khong Tanh, who led the relief mission, had begun a hunger strike in prison before the trial.

The statement said both were so weak they had to be carried to the courtroom.

At the trial, four monks and two lay followers were found guilty and all but one, a woman given a suspended term and probation, were jailed.

Thich Quang Do was sentenced to five years, Thich Khong Tanh to five years, Thich Nhat Ban to four years, Thich Tri Luc to two and a half years and one lay follower, Nhat Thuong, to three years.

Foreign governments and human rights groups have said the sentences were illegal under international law, but Hanoi has reiterated that the six were criminals correctly jailed under local laws.

Five of those tried were arrested in November 1994 when they organized an unofficial mission to help flood victims in the Mekong Delta. Thich Quang Do was arrested in January for protesting the crackdown on the group.

Thich Huyen Quang, the leader of the UBCV, and the third-ranking monk in the group, Thich Long Tri, are expected to be tried soon in central Vietnam on charges of assisting Thich Quang Do.

The UBCV has resisted government efforts to control all religious activity through the Fatherland Front, an arm of the ruling Communist Party.

UBCV monks have refused to join an official Buddhist church and have protested the government's restrictions on religious freedom.

The government has cracked down on the church in the past two years, jailing most of its leaders and arresting monks in the city of Hue, where the church has a strong following.

TAP CHI CONG SAN

TAP CHI CONG SAN for May 1995

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Australia

'Final Preparations' Under Way for Nuclear Test

LD2908082695 Melbourne Radio Australia
in English 0700 GMT 29 Aug 95

[FBIS Transcribed Excerpt] The commander of France's nuclear sites in the South Pacific says he is very close to resuming testing. General Paul Vericel said final preparations are under way for the first explosion. [passage omitted] Gen Vericel repeated a previous warning that the tests would go ahead regardless of whether protest boats or helicopters were inside Mururoa's military exclusion zone. He added that he hopes none of the antinuclear protesters gathered in a flotilla off the atoll would put people at risk with irresponsible demonstrations.

Australia has responded to the French announcement, saying it will try even harder to put pressure on France to reverse its decision. South Pacific correspondent Erina Reddan reports that Gordon Bilney, Australia's minister for Pacific Island affairs, will lead a bipartisan delegation to Europe this weekend.

The delegation will try to persuade European countries to increase their pressure on France to reverse its decision for eight more nuclear tests. Reacting to the news that France could begin its testing within a few days, Mr Bilney told journalists at the Foreign Correspondents' Association in Sydney that it only increases Australia's determination to stop further tests.

[Begin Bilney recording] Zero tests are better than one and one test is better than two and two is better than eight. If we can achieve some reduction in the number of tests and indeed to achieve a stronger test-ban treaty, then that's our objective. [end recording]

Faulkner Warns France on Growing 'Outrage'

BK3108060095 Melbourne Radio Australia
in English 0500 GMT 31 Aug 95

[FBIS Transcribed Text] Federal Environment Minister John Faulkner has warned France that as soon as it starts nuclear testing on Mururoa, Australia's anger will strengthen. Alexandra Kirk reports that the first nuclear test expected in the next few days and Senator Faulkner has again urged France to abandon its testing program.

[Begin recording] [Alexandra Kirk] Senator Faulkner says there is a growing sense of international outrage about France's decision to resume nuclear testing in the Pacific. He said nothing short of the testing program not going ahead will be acceptable to Australia, the South Pacific region, and the international community.

[Faulkner] Stop and stop now.

[Kirk] Sen. Faulkner said Australia's anger will be reinforced if and when the testing goes ahead and it will some time before the anger subsides.

[Faulkner] There is very significant anger in our community and I think it will take a very long time for the anger to dissipate if the testing program goes ahead. [end recording]

Labor Parties Urge France To Call Off Tests

BK3108072095 Melbourne Radio Australia
in English 0500 GMT 31 Aug 95

[FBIS Transcribed Text] The Labor Parties of Australia, New Zealand, and Britain have jointly called on France to cancel the proposed series of nuclear tests in the South Pacific. In a statement, the three parties urged France's president, Jacques Chirac, to take the courageous step of calling off the tests in French Polynesia.

They said there was no justification — political, strategic, technical, or moral — for the tests. A French official says the first test is imminent. The statement was signed by the president of the Australian Senate, Michael Beahan; New Zealand Labor leader, Helen Clark, and Britain's shadow foreign secretary, Robin Cook.

They warned that further tests not only risk irreparable environmental damage, but show indifference to the views of those living in the region and undermine international efforts to promote disarmament.

Meanwhile, the International Court of Justice has held a preliminary hearing in the Hague on New Zealand's case to halt the tests, but no details were released.

Cook Islands Boat 'Harassed' by French Planes

LD3108084095 Melbourne Radio Australia
in English 0700 GMT 31 Aug 95

[FBIS Transcribed Text] The crew of a traditional Cook Islands ocean-going canoe have complained that they were severely harassed by the French military as they sailed to join the antinuclear protest flotilla at Mururoa Atoll. In a radio report to the Cook Islands, the skipper of the canoe, Tua Pittman, said the crew had been frightened by low-level flights and buzzing by French fighters and helicopters. The 22-meter, double-hulled canoe was about 60 nautical miles from the Mururoa exclusion zone at the time. Mr. Pittman said he believed the French would never have harassed his canoe so badly had it been within sight of the international media or boats already at Mururoa.

French Ambassador Seeks To Downplay Protests

*LD3108081795 Melbourne Radio Australia
in English 0700 GMT 31 Aug 95*

[FBIS Translated Text] France's ambassador to Australia, Dominique Girard, says there are better things Australians could protest against than French nuclear testing in the Pacific. Speaking at the National Press Club in Canberra, Mr. Girard questioned the strength of Australia's reaction to French testing. The ambassador said the reality is that more Australians are applying for French visas and the number of people studying French with Alliance Francaise has not been affected. He said 300,000 shareholders approved French insurance giant AXA's investment in the National Mutual Company of Australia. The French ambassador suggested the image of Australian protest was stronger than the reality:

[Begin Girard recording] Sometimes you may wonder - did we bomb Hiroshima? Are we bombing Sarajevo? On those days, you now, I wonder whether it would not have been more fulfilling for some Australians to have more people demonstrating in the streets about the children killed in Sarajevo than about our nuclear tests. [end recording]

Arms Production Links Explored With Indonesia

*LD2508170195 Melbourne Radio Australia
in English 1600 GMT 25 Aug 95*

[FBIS Transcribed Text] Australia and Indonesia have moved to forge close links in the manufacture of arms. Australia's Defense Minister Robert Ray is holding formal discussions in Perth with his Indonesian counterpart, General Edi Sudrajat, in an effort to strengthen the two countries' defense relationship. General Sudrajat says it would be cheaper for the two neighbors to help each other produce weapons rather than buying them from further afield. Senator Ray says no one can afford totally to produce their own arms, so it is important for Australia to foster links with countries in the same region. [passage indistinct]

Evans Urges Probe of Irian Jaya Allegations

*LD3008110295 Melbourne Radio Australia
in English 0900 GMT 30 Aug 95*

[FBIS Transcribed Text] Australia's Foreign Minister Gareth Evans says claims of human rights violations in Irian Jaya cry out for investigation. He says at least 22 people have been killed in Irian Jaya since June last year. Senator Evans says he today sent a letter to the Indonesian Foreign Minister Ali Alatas, calling on Indonesia to investigate thoroughly claims of torture and killings.

[Begin Evans recording] There are obviously real concerns on the basis of the information that I have seen from a variety of sources. I am inclined to believe that there have been serious human rights violations in the area, including torture, disappearances, and the deaths, it seems, of at least 22 people, maybe rather more than that. Now, this cries out for investigation. I'm delighted to see that the Indonesian Human Rights Commission is there on the ground currently engaging in such an investigation. This is showing itself to be an increasingly significant organization in the scheme of things. I'm also pleased that the Indonesian Armed Forces have indicated that they will investigate the matters in issue. [end recording]

[Announcer] Senator Evans said he had asked Indonesia to investigate all the allegations of human rights abuses, including the Catholic Church claim that 11 people had been killed by Indonesian troops on 31 May. The Indonesian Foreign Ministry said today it was waiting for the report from the National Commission on Human Rights over the allegations, and no further comment would be made until it had been received.

Article Examines Relations With Indonesia

*BK3008125495 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 23 Aug 95 p 11*

[Article by Greg Earl: "Jakarta military douses flag-burning flames"]

[FBIS Transcribed Text] The past few years of closer relations between Australia and Indonesia have filled bookshelves with volumes where the titles are only slightly less ambitious than the hopeful sentiments.

Diverse Cultures, Converging Interests; Expanding Horizons; Australia and Indonesia: A partnership in the making — and the list goes on.

But after a month of jarring images in what is surely one of the world's more interesting bilateral engagements, it's hard not to fall back on a slightly more sceptical earlier title — *Strange Neighbours* — published as both countries sought to recover from the depths of the breakdown in the mid-eighties.

"Although the fact of geography has placed us next door to each other, we are in many significant respects strangers," strategic analyst Professor Des Ball wrote in a comment which has resonated through several recent events.

Consider the position of Australian diplomats being asked by nationalistic Indonesian counterparts how they would feel if the Australian flag was burnt in the streets of Jakarta.

Although most Australians seem to accept flag-burning as part of the country's robust democracy, it's a practice that's hard to explain even to the well-travelled elite in Jakarta where the flag provides a strong link to the birth of the nation.

Earlier the Minister for Foreign Affairs, Senator Evans, went to great lengths to demonstrate a repaired relationship with his Indonesian counterpart, Mr Ali Alatas, when they met in Brunei last month. But he then immediately undid the repair job when he laid down some guidelines for a new Indonesian ambassador the moment he returned to Australia. The original row over the proposed appointment of General Herman Mantiri as ambassador contained all the elements of strangers still grappling towards an accommodation, with reluctance to talk frankly early on and elite decision-makers out of touch with community attitudes.

And despite the rush by Australian companies into Indonesia over the past couple of years in response to the dramatically improved political climate, the weekend threat of an import ban has only served to demonstrate that there are many people in both countries yet to be touched by the new relationship.

The chairman of the Indonesian Importers Association, Mr Amirudin Saud, is quite a change of pace for a journalist who mostly meets Indonesians with an interest in Australia: he's never been there, shows no interest in ever wanting to go and is utterly unmoved by all the rhetoric about converging interests.

But the engagement of strange neighbours can produce some equally unexpected breakthroughs in relationships as it can throw up well-worn old discontinuities. And amid the heat of burning flags and smouldering misunderstandings, that has been the case in the past week.

Without doubt, the most striking breakthrough has been the way the Indonesian military has defended the relationship even to the point of appearing to be out of step at times with the nationalistic rhetoric of the normally liberal and internationalist Mr Alatas.

On Monday, business leaders responded negatively (but in a low-profile way) to the call for an import ban over the flag-burning, but the military's chief spokesman directly opposed any actions that would endanger the relationship.

Brigadier-General Suwarno Adiwijoyo said the protests already lodged were sufficient and Indonesian people should refrain from overreacting. "If we do similar things — burning their flags — we'll be the one who loses," he said.

It has been a stunning contrast to previous rows where parts of the Indonesian military have clearly been sceptical of engagement with a troublesome liberal democracy to the south.

The reasons for the military attitude range from a short-term interest in access to Australian training to a more long-term strategic belief that the two countries may eventually be part of a bulwark against a resurgent China.

Either way, irony abounds in the way the Indonesian military has been going out of its way to preserve a relationship that is being largely strained by diplomatic differences over how to deal with the military's own mistakes and abuses in East Timor.

But while General Suwarno was adopting a moderate position in the face of the flag-burning last week, it was even more striking to see the influential Minister for Research and Technology, Dr B.J. Habibie, also emerge to call for a calm response.

As demonstrators were gathering outside both the Australian Embassy in Jakarta and the ambassador's own residence on Friday, Dr Habibie was telling journalists that the flag-burning in Australia did not reflect the attitudes of the Australian people and Government. "I believe 99.99 per cent of Australian people are very sympathetic, they believe and understand the Indonesian people," he said. Dr Habibie is prone to nationalist positions on many issues that affect Indonesia and has often been seen as less favourable to engagement with Australia than other ministers. But Australian government officials say that his trip to Australia earlier this year to visit scientific institutions resulted in a major change of attitude.

The comments last Friday represent a subtle indication a change has occurred, especially given that other senior figures from the ruling Golkar [Functional Group] Party, like Information Minister Mr Harmoko, have adopted a more anti-Australian position.

Only yesterday, one newspaper quoted another senior Golkar figure, Mr Agung Laksono, as saying Indonesian should sever diplomatic relations with Australia because of the flag-burning.

After five protests outside the Jakarta embassy — attracting a maximum of 60 people — at a time of genuine nationalistic fervour in Indonesia, Australian officials consider that they have so far been facing symbolic warnings.

But with a decision still pending on the Timorese seeking refugee status in Australia, the events of the last

week will be far from the last chapter of any reprint of *Strange Neighbours*.

New Round of Multilateral Trade Talks Sought

BK3008110295 Sydney THE AUSTRALIAN FINANCIAL REVIEW in English 18 Aug 95 p 2

[Report by Michael Dwyer]

[FBIS Transcribed Text] Australia has begun to lobby for a new round of multilateral trade negotiations little more than 12 months after the seven-year Uruguay Round of the GATT was wrapped up at Marrakesh.

According to a confidential Department of Foreign Affairs and Trade cable obtained by THE AUSTRALIAN FINANCIAL REVIEW, Australia wants the inaugural ministerial meeting of the World Trade Organisation [WTO] next year to "incorporate the first steps in moving beyond the Uruguay Round into new work in a range of areas".

But the cable also highlights Australia's concerns that such a move at the WTO meeting in Singapore in December 1996 could run into opposition from the "very conservative axis" of the European Union and the US.

"Without setting Australia up as the champion of a too-ambitious set of objectives, we would like posts to ascertain the present state of host governments' thinking on these issues," the department said.

"We are interested in whether your interlocutors have determined a position on objectives for Singapore or merely think it premature to be doing so at this stage.

"We are also interested in whether they see the Singapore conference (three years after the end of the Uruguay Round and two after entry into force of the WTO) as only a stocktake of Uruguay Round implementation or also as an opportunity to set out a forward-looking work program."

The Federal Minister for Trade, Senator McMullan, has raised the prospect of a new round of multilateral trade negotiations emerging out of the WTO meeting several times in recent months.

But the cable also concedes that realistically, negotiations on a new multilateral trade round are unlikely before 1999. It said an achievable and worthwhile objective for the 1996 Singapore meeting could be to establish a work program covering a broad range of areas, "so as to begin to move the WTO into a preparatory phase for future negotiations."

The Uruguay Round of the GATT, which was estimated to boost world income by up to \$300 billion a year, was concluded in Marrakesh in April 1994.

"Some argue that given the lead times involved in gearing up negotiations, and the pace of developments in business and trade, preparation for another round will have to start soon if the WTO is to maintain its relevance to the realities and demands of international commerce," the department's cable said.

"Moreover, the problems with concluding the financial services negotiations are being seen by some as indicating how difficult it will be to make progress in stand-alone sectoral negotiations."

The Shadow Minister for Trade, Mr Tim Fischer, said yesterday the WTO ministerial meeting in Singapore should be used to take stock of the progress of the Uruguay Round.

"The dust of the Uruguay Round has not settled," he said.

"There are as yet no indicators against which to measure its implementation, and a number of other issues have, in my view, been left open-ended, despite the existence of formal agreements."

The cable suggests the dominant view among Geneva-based trade negotiators appears to be along "a very conservative axis" that the Singapore WTO meeting should be used solely as a stocktake on what has been achieved so far on Uruguay Round implementation.

"We understand that the European Union and some other European countries are actively encouraging (the WTO meeting in) Singapore to lower its sights, lest it be embarrassed by an 'unsuccessful' meeting," the cable said.

It notes there is some uncertainty over Washington's attitude towards the multilateral trading system in the period up to December 1996.

"There is also a clear underlying desire not to repeat post-Tokyo Round history, by aiming too high too soon after the Uruguay Round," it said.

Efforts to launch a new multilateral round of trade talks three years after the end of the Tokyo Round foundered disastrously at the 1982 ministerial meeting of the GATT in Geneva because of widely diverging views on the inclusion of agriculture.

'More Subdued' Economic Growth Rate Noted

BK3008063595 Melbourne Radio Australia in English 0500 GMT 30 Aug 95

[FBIS Transcribed Text] Australia has now recorded four full years of positive economic growth. Adrian Thyrst reports the latest national accounts give a more subdued picture of current growth rate than expected.

[Begin Thyrst recording] The national accounts show that in the June quarter, economic activity expanded by 1 percent, but forecasters had been predicting anything up to 2 percent. The latest quarterly measure gives an annual growth rate for average GDP of 3.7 percent. The biggest contribution has come from consumers spending, mainly on food, household appliances, and rent.

Government spending has also been strong and there has been a significant buildup in both farm and nonfarm stocks, but the housing sector has detracted from growth and business investment and exports have also gone backward. [end recording]

New Zealand

Naval Vessel Assists Mururoa Protest Yacht

LD3108095495 Wellington Radio New Zealand International in English 0700 GMT 31 Aug 95

[FBIS Transcribed Excerpt] The skipper of the first New Zealand protest fleet yacht to reach Mururoa Atoll, Barry Keown of the trimaran Triptych, has been allowed to buy fuel from the naval ship, Tui. Battered by headwinds, the Triptych arrived low on fuel [and] water and with a damaged propeller. Earlier, the crew of the Triptych was concerned that the Tui wouldn't help them, but Barry Keown says he is delighted the government has relaxed a little on help from the navy.

Meanwhile, the government is making it clear that the six MPs headed for a protest in Tahiti this weekend are doing so as individuals. Foreign Affairs officials are reportedly concerned about MPs taking part because the rally is backed by the French Polynesian independence movement. MP John Carter wasn't aware of that fact when he signed up, but his government colleague Nick Smith says he has always known. He says the French should realize that if they behave as an arrogant, colonist power in the Pacific, surrounding nations will encourage independence movements. And opposition party New Zealand First leader Winston Peters says he is pleased to be opposing French colonialism as well as nuclear testing. [passage omitted]

More States Join ICJ Protest on French Tests

LD3008100795 Melbourne Radio Australia in English 0800 GMT 30 Aug 95

[FBIS Transcribed Text] The Federated States of Micronesia and the Marshall Islands have joined New

Zealand's protest in the International Court of Justice [ICJ] against French nuclear testing. The court, in the Dutch city The Hague, announced the move, saying the island states had followed New Zealand, Australia, Western Samoa, and the Solomon Islands. It said that the Marshalls and Micronesia had filed declarations alleging that the tests would contravene the convention for the protection of the South Pacific environment signed in 1986. All the parties that have joined the case are saying that they have legal interests which could be affected by the outcome.

New Zealand started the action last week when it applied to reopen its 1973-74 case against French testing at Mururoa Atoll.

Meanwhile, a Japanese government spokesman said Japan had repeated its call to both China and France to stop their nuclear tests.

Vanuatu

Nation To Sign South Pacific Nuclear Pact

BK3008085295 Hong Kong AFP in English 0833 GMT 30 Aug 95

[FBIS Transcribed Text] Port Vila, Aug 30 (AFP) — Vanuatu will sign the South Pacific Nuclear Free Zone Treaty a decade after it was signed by 11 other countries, Foreign Affairs Director Jean Sese said Wednesday.

Also known as the Rarotonga Treaty, it was adopted at the 1985 South Pacific Forum summit in the Cook Islands and came into force on December 11, 1986, signed by Australia, Cook Islands, Fiji, Kiribati, Nauru, New Zealand, Niue, Papua New Guinea, Samoa, Solomon Islands and Tuvalu.

Along with Tonga, the Federated States of Micronesia and the Marshall Islands, Vanuatu did not sign the treaty, its then Prime minister, Walter Lini, arguing it was "not comprehensive enough".

"The present government saw it important to sign, especially in the present context, and to show its solidarity on a regional and global level against nuclear weapons", Sese told AFP.

He said this was in line with the intention of the Vanuatu government to sign the nuclear Non Proliferation Treaty.

However, Vanuatu has refused to condemn French plans to resume nuclear testing in the South Pacific.

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